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SPECIAL FEATURES

VISUALIZING THE MAKING OF A LOAN

WHO SHOULD MAKE THE BANK EXAMINATION?

SOME THOUGHTS ON BANK LETTERS

WHAT THE BANK FARM AGENT CAN DO

BANK CREDIT INVESTIGATOR

CORN BELT CREDIT CONDITIONS

INTERNATIONAL BANKING AND FINANCE

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ELMER H. YOUNGMAN, Editor

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The Par Collections Controversy

THE methods employed by certain of the Federal Reserve Banks in endeavoring to compel non-member banks to remit at par for checks drawn against them are to be the subject of further judicial inquiry. It will be recalled that in the case of *American Bank et al. vs. Federal Reserve Bank of Atlanta* a decision was rendered favorable to the defendant, it being held that the presentation at one time of a large number of checks against a drawee bank did not constitute a valid ground of action against the Federal Reserve Bank in question. But this decision, rendered by the Fifth Circuit Court of Appeals has been reversed by the United States Supreme Court, and the case remanded for a further trial. In delivering the opinion of the United States Supreme Court, Mr. Justice Holmes said:

"A bank that receives deposits to be drawn upon by checks of course authorizes its depositors to draw checks against their accounts and holders of such checks to present them for payment.

"When we think of the ordinary case the right of the holder is so unimpeded that it seems to us absolute. But looked at from either side, it cannot be so. The interests of the business also are recognized as rights, protected against injury, to greater or less extent, and in case of conflict between the claims of business on the one side and of third persons on the other, lines have to be drawn that limit both. A man has a right to give advice, but advice given for the sole purpose of injuring another's business and effective on a large scale, might create a cause of action. Banks as we know them could not exist if they could not rely upon averages and lend a large part of the money that they receive from their depositors on the assumption that not more than a certain fraction of it will be demanded on any one day. If without a word of falsehood but acting from what we have called disinterested malevolence a man by persuasion should organize and carry into effect a run upon a bank and ruin it, we cannot doubt that an action would lie. A similar result even if less complete in its effect is to be expected from the course that the defendants are alleged to intend, and to determine whether they are authorized to follow that course it is

not enough to refer to the general right of a holder of checks to present them, but it is necessary to consider whether the collection of checks and presenting them in a body for the purpose of breaking the petitioner's business as now conducted is justified by the ulterior purpose in view.

"If this were a case of competition in private business, it would be hard to admit the justification of self-interest, considering the now current opinion as to public policy expressed in statutes and decisions. But this is not private business. The policy of the Federal Reserve Banks is governed by the policy of the United States with regard to them and to these relatively feeble competitors. We do not need aid from the debates upon the statute under which the Reserve Banks exist to assume that the United States did not intend by the statute to sanction this sort of warfare upon legitimate creations of the states."

In the view of those who have been opposing the methods employed by the Federal Reserve Banks in this matter, their contention is completely vindicated by this decision of the highest judicial authority in the land. The practical effect of the decision will be to keep the matter open for further adjudication.



One Way of Bringing About Deflation

FOR so long have the people of the United States been accustomed to Government paper in one form or another that they never think of questioning the quality of any paper money they may happen to possess, much less to ask for its redemption in gold. An "economist" who as a matter of experiment sought such redemption had a very amusing experience, as related by John Kane Mills in *The Nation*. Finally, the "economist" got his gold.

This same writer goes on to consider what would be the economic effect of a demand for gold and a refusal to accept Federal Reserve notes. He says:

"The effect of a general demand for gold and a refusal to accept the Federal Reserve forty-eight-cent printing press notes must now be considered. Who would suffer? Or would anyone suffer? Would it affect the producer, the middleman, or the consumer? What would happen to the capitalist, the salaried man, and the daily wage earner? The first class that would be seriously hit would be those who are now depending on bank accommodation with which to carry on their business. These can be labeled under the heading of middlemen. The getting of gold out of the banks

and into general circulation would automatically check the issuance of Reserve notes. The Reserve banks would be forced to further curtail credits, with the result that many commodities now resisting deflation would be forced to accept a cash market with a resulting break of prices. As prices dropped so would eventually the cost of production as new goods would be forced to meet the competition of existing stocks. This will reduce wages, but wage earners could afford to receive less as the cost of living would still further come down due to an appreciation of the value of the currency. Reduced wages would buy more than large wages are buying now. Unemployment might continue while the lower level of prices was being reached, but in the end things would be better in that values would be based on a 100 per cent. metallic currency instead of on 50 per cent. inflated paper tokens.

"From the above, it will be seen that the public has the matter in its own hands. If deflation of the currency is desired, all that is needed is to demand gold and refuse Federal Reserve notes. Labor could force a reduction in prices overnight by demanding gold instead of notes in the weekly pay envelope. This may be the only honest public-spirited thing to do even though, in the ensuing crash of profiteering prices, a number of individuals may get hurt, for we maintain not only that we are on a gold basis but that there exists in America and in America only a free market for gold. If this is the case, let the public see it, feel it, and use it, but do not let the profiteers lock it up and issue double the quantity of paper tokens for it for their own ends and against the interests of the ultimate consumer."

This remedy will not be easy of application, for the reason that the people have become so habituated to the use of paper currency in one form or another that they really prefer it to gold; and, besides, very few persons other than economists could be made to see the effects of the proposal.

Probably those who have given most careful study to the circulation of a fiduciary currency of any kind would agree that a reserve of forty per cent., or even less, is quite sufficient. A hundred per cent. reserve is generally considered as unnecessarily expensive, although this was formerly the requirement for additional circulation of the Bank of England beyond a certain fixed limit.

The writer quoted seems to miss what is perhaps the only serious objection to the Federal Reserve notes; that is their use as bank reserves by state banks and trust companies. A credit note in a man's pocket, while it may represent in actual gold less than its face value, is not being used as a basis on which to create fresh credits as are the Federal Reserve notes in the hands of state banks and trust companies doing a discount business. This fault must attach to any Government note which bears at least a *quasi*

legal tender character, and it is probably one of the most serious defects of the Federal Reserve notes, for it militates against their redemption.

No great rush of the people to the Federal Reserve Banks may be expected to secure the redemption of Federal Reserve notes in gold, and very likely the number of "economists" holding the notes, at least in sufficient volume, is not large enough to bring about deflation, even should all these "economists" decide that they must have gold instead of paper.



Getting Returns on Our Foreign Investment

IN the new role of international banker this country is encountering at the very outset a most perplexing problem, namely, how to recover either the principal or interest of the loans already made and of others in contemplation. This is a problem to which domestic banking operations are not unaccustomed, though the difficulty has never been of quite the same character as the present one. David Harum defined banking as "loaning out your money and gettin' it back again"; and while banking in recent years has expanded considerably beyond this simple rule, getting its money back still constitutes a major concern of bankers engaged in both domestic and foreign transactions.

Heretofore the importation and exportation of goods have been looked on as furnishing one of the most dependable bases of liquid credits; but the war has upset this principle as it has many others. Indeed, the credits arising from foreign trade operations have lengthened out to such a span of time as to cause the commercial banks of the country to seek to pass at least a fair share of such credits over to concerns of an investment type. The means of doing this have not as yet been fully worked out, though practical steps have been taken in this direction.

Much confusion of thought exists as to just how we are to get back what we invest abroad, or even the interest on these investments, once this new machinery is in operation. Payment of balances due us in gold does not appear practicable, for the reason that the debtor countries generally have no gold to spare, and for the further reason that if they had we should not want it. Nor is there much of a disposition to accept foreign goods, as the new tariff witnesses; although there is perhaps a tendency to exaggerate this phase of the matter, for despite the protective

tariff we shall continue to make heavy importations as we have done in the past.

The debts which foreign countries owe us can be partly discharged by services, such as carrying goods and passengers across the seas. But with the increased share we are taking of the ocean-carrying trade, the amount absorbed in this way can not be very large.

There are some minor services which might be rendered, but which amount to so small an aggregate that they need not be enumerated.

In this situation the proposal is made that we must postpone expectation of payment, and not only make investment on a large scale in European securities and industries, but similarly reinvest interest and profits. Such a course would afford an immediate remedy, but it would postpone the day of payment only to make the amounts finally due cumulatively heavy. And yet no other course may be open.

In time, as European credit strengthens, the importance of this problem will no doubt diminish. We may find that our importations of raw and partly-finished products, and of such commodities as we do not ourselves produce at all or in sufficient volume to meet domestic needs, will not throw American labor out of employment and impoverish the country, but really have the effect of contributing to our national prosperity. Should experience bring us this lesson, we might consent to remove a layer or two of bricks from the top of our tariff wall.

There seems to be a pretty general determination to go on doing business with the rest of the world, even though this may involve a modification of our views regarding the tariff and some other things.



Taxes as a Hindrance to Business

WHEN taxes become so burdensome as to dry up the sources from which they are derived, the main purpose of taxation as heretofore imposed—to obtain revenue—is defeated. In these times, and in fact before the Great War, a comparatively new theory of taxation emerged, namely, that it was a device for redressing inequalities in the distribution of wealth, and even an instrumentality for punishing and destroying great and successful business concerns. However fine these theories may appear, they do not seem to be working out advantageously in practice. They are doubtless accomplishing the objects mentioned; that is,

they are redistributing wealth, punishing many forms of successful business and tending to destroy others altogether. If those to whom the wealth is being distributed should save their added gains and invest them in the business from which they were taken or in other forms of enterprise, the net result might not be much changed from what it was before the redistribution took place. But the bulk of such redistributed wealth is perhaps not invested but expended, and not always wisely.

What the outcome will be may be easily imagined. For example, if the profits of a flouring-mill were taken largely from the owners in the shape of excess profits taxes, and the sums so absorbed were swallowed up by reckless and extravagant Government expenditures, or went to the employees of the mill in some round-about way only to be expended largely for luxuries, the capital fund necessary for the extensive and profitable operation of the flouring-mill would be lacking; and, should this process be carried far enough, the milling industry would languish, and so with other industries—they could not long survive the lack of capital.

The experience of the banks would seem to indicate that something of this nature is already taking place. In an address recently delivered at a banquet given in honor of the President of the United States and Cabinet by the District of Columbia Bankers Association at Washington, Arthur Reynolds, president of the Continental and Commercial National Bank of Chicago, made this significant statement:

“A survey of the effect that taxes have had on the deposits of the Continental and Commercial National Bank shows that at each tax payment period since December 15, 1919, we have lost from \$14,000,000 to \$35,000,000 of deposits with a corresponding increase in our borrowings at the Federal Reserve Bank. Where does the money go? The bulk of it is sent East, as is of course necessary, but it does not return. Our business institutions are experiencing a constant drain of their working capital as a result, and many statements which we have been receiving show a steadily declining ratio of quick assets to liabilities.

“I would not say that a continuation of this process would leave us with no deposits at all, nor would it leave business without working capital; but it seems to me that the experience clearly illustrates the extent to which taxation is cutting into the commercial capital of the country. Business will continue to struggle for revival, but so long as taxes remain as they now are, it will be an uphill fight. It seems a fair inference that there will be less business and, therefore, less revenue from taxes with the entire country as the loser. The case, to my mind, is urgent and action should be speedy. We must remember that the Government has a great capacity to destroy business, and a much smaller capacity to create or assist it.”

Probably the most effective use that can be made of surplus earnings is to assure their reinvestment in some form of productive enterprise. To say this is not necessarily to argue in favor of the retention of large profits in the hands of capitalists nor against the payment of high wages. On account of his experience and skill the capitalist, or the man directly engaged in the successful conduct of enterprise, is the one most likely to make such reinvestment—not merely from altruistic motives, but because he understands that to be the wisest and most profitable use for his funds. It would be mere special pleading to deny that the capitalist, accustomed to the possession of a comfortable margin between income and outgo, finds it much easier to make such investments than the wage-earner whose margin is comparatively small. But the capital funds needed could be provided by the savings of wage-earners, which though leaving a small margin of surplus earnings in individual cases, yet bulk large in the aggregate. To secure the needed capital funds from this source calls for a widely-diffused understanding of the benefits of such saving, coupled with the disposition to practice a wise economy.

Fortunately, a very large amount of the capital funds of the country comes from this source. On the other hand, the profits of business and enterprise furnish a great deal of such funds. As testified to by Mr. Reynolds, the funds available from these profits are diminishing, and as he says, "it seems a fair inference that there will be less business, and therefore less revenue from taxes."

The remedy is to stop public and private extravagance, especially the former. Commitments on account of the war, and the ordinary expenses of the Government will have to be provided for, but all fresh expenditures should be most carefully scrutinized. It is not a time for multiplying ways of spending money.



Working Out a New Plan for International Credits

PRELIMINARY steps have been taken for putting into operation the ter Meulen scheme for international credits adopted by the Financial Conference which met at Brussels in September of last year. Sir Drummond Fraser, appointed as organizer to set the new machinery in motion, has issued a pamphlet explaining the plan and stating what it hopes to accomplish. He admits that all special measures are in themselves undesirable and naturally arouse the dislike and distrust of practical business

men, but considers that the state of the world today forces practical business men to realize that some special measures are necessary. He thus summarizes these conditions:

"We have on the one hand one-half of the world where goods are piling up in the warehouses and can not be sold, and where the whole financial system is in danger of breaking down because it cannot stand the strain of financing these ever-growing stocks. As against this, the other half of the world is suffering from the want of all necessary commodities, because it lacks the requisite purchasing power. At the same time, in both the rich half and the poor half, we have increasing unemployment because the general stagnation of business, produced by the conditions described above, is making it impossible to find a market for any goods."

In essence the ter Meulen plan consists of a reinforcement of individual credit by that of the Government. It rests upon these assumptions:

(1). That credits for both long and short periods, with the minimum risk to the lender, are universally desired.

(2). That every state, however difficult its present financial position, possesses certain revenue-producing assets to which a gold value can be assigned, and on the security of which a bond issue can be made.

The gold value of this underlying security is to be checked by an international commission of experts, selected by and receiving authority from, the League of Nations. Against this value Government bonds are to be issued and loaned by each Government to its own nationals. Each Government is to arrange the conditions under which it will grant this loan of bonds to its own nationals. As to the manner in which the importers and exporters arrange their business, it is claimed that no alteration will be made. "The exporter must still satisfy himself, as he does at present, about the standing and credit of his customer. He must still fix all the terms to suit himself. The scheme merely provides means by which the importer may improve his facilities for obtaining credits, by putting at his disposal valuable bonds, which he may pledge as collateral security."

If the conditions of the credits are fulfilled during the term for which they were arranged, the coupons on the bonds falling due for payment will not be collected for the account of the creditor, but they will be detached and returned to the importer, who in turn will pass them to his Government. If the importer repays all sums due from him as principal and interest at maturity, the exporter will return the pledged bonds to the importer for transmission to his Government.

If the importer fails to meet his obligations, and the exporter

has not agreed with him for an extension, then the exporter is entitled to seize the collateral security, and use it for the satisfaction of his claim. He may hold the security as an investment, or he may sell it and pay himself out of the proceeds. It is intended that in the latter case the bonds shall be first offered to the issuing Government, but if after receiving such an offer the Government does not buy them, they may be sold in the market, any balance realized from the sale, after the claims of the creditor have been satisfied, to be held by the exporter at the disposal of the Government of the importer. If the bonds do not realize enough to repay in full the claims of the exporter, he will still have a claim for the balance against the importer, not against the importer's Government.

The general advantages of the scheme are thus stated by Sir Drummond Fraser:

"One main advantage of Mr. ter Meulen's scheme is its flexibility. It does not place a large amount of money all at once at the disposal of the borrowing country, which amount has to be repaid at fixed periods. This kind of credit is of little use for the transactions which require most to be encouraged. Mr. ter Meulen's scheme, on the other hand, provides a reservoir of credit which can be drawn on as and when required. Credit for varying amounts and for all sorts of purposes will, under this scheme, be available as soon as it is wanted; while at the moment when the particular transaction is completed the collateral security is released and becomes available at once for new business. The result should be that every portion of the outstanding credit will be usefully employed. Moreover, it provides a means equally suitable for supporting short-term or long-term credits. * * * The great advantage of this scheme, however, is that it provides a means for effectively mobilizing the whole credit of a country behind each of its individual traders, in such a manner that traders in other countries who might shrink from the risk of dealing with individuals alone, may be expected to freely enter upon business. By the possibility of making a start in this way they will be enabled to ascertain by practical experience, protected by substantial security, whether they have exaggerated the risks. If this practical experience should prove that sound business is possible, the mere fact of starting transactions under this scheme will in itself improve conditions, and thus diminish the risk for further business. The result ought to be the initiation of a process of gradually increasing improvement, which will soon bring a return of conditions in which industry and commerce will be possible without any abnormal assistance."

The Farmers' Finance Corporation

GROWING out of the realization of the imperfections of existing methods of marketing farm products, there has been organized recently the Farmers' Finance Corporation with a proposed capital of \$100,000,000. It is the aim to have the capital all owned by farmers, and the management will be vested in the Grain Growers' Corporation, an organization through which the farmers who enter the scheme are to market their grain. Announcement is made that the plan does not contemplate political action. At the outset, it is said, virtually every farm organization in the twenty-five leading grain-growing states will be represented.

The Farmers' Finance Corporation aims to own and manage terminal grain elevators, warehouses, market reporting systems and other facilities necessary for dealing directly with grain consumers. It is also said that the new organization "plans to take the place of speculators and commission merchants."

Undoubtedly there exists at present but poorly organized facilities for marketing farm products in general, although this statement is subject to some qualification, for the fruit growers and producers of some other farm or orchard crops have long had in operation organizations which seem to have functioned efficiently.

Some question may arise as to whether a new and untried piece of machinery will work as smoothly as the methods now in use. For the "speculators and commission merchants," whatever may be their shortcomings, have learned the game through long practice of it. They may have taken too much toll from both farmers and others, but through experience they have found out a good deal about the art of buying and selling, most of which the new organization will have to learn.

Farmers of the United States have not as yet developed various forms of cooperation to anything like the extent that has taken place in several European countries, notably in Denmark. The success achieved by some of these experiments would seem to argue that there is no reason why they should not be introduced into this country.

For a long time there has been a feeling that some decided improvements were needed in the methods of marketing grain and other farm crops. This feeling was greatly intensified by the recent sharp decline in many of the products of the farm. No one at all conversant with the situation can deny that the conditions under which the farmer produces and sells are capable of being greatly bettered.

If the object of the Farmers' Finance Corporation is simply to boost the prices of grain, and always to get the most possible out of the consumer, it will probably receive no warmer welcome

from the public than have other combinations designed to keep up prices. But conceivably some of the sudden and violent declines in the price of grain, due to the necessity for marketing immediately after harvest, may be avoided without pushing prices to a much higher point permanently.

Profits of farm operations ought to be such as to encourage maximum production, and if the Farmers' Finance Corporation can help in assuring such a result it will perform a most useful public service.



Special Helps to Agriculture

THE new emergency tariff, unlike most of its predecessors, seems especially designed to help the farmers of the country.

Whether it will really do this or not is a matter about which a division of opinion exists. From the surprising growth in manufacturing in the United States in recent years it would appear that the tariff has largely, and perhaps unduly, stimulated expansion in that direction. A disproportionate increase in urban as compared with rural population is a straw pointing in the same direction. But while farming as an industry has decayed in some sections, this decay has not been general by any means. It may be, however, that our future policies should be more regardful of the farmers' interests than they have been in the past. But we are already doing a great deal through the state and Federal departments of agriculture, the Federal Reserve Act, the Federal Land Banks, the War Finance Corporation, etc., etc. Indeed, it could not be surprising if the Governmental activities now in operation designed for the special benefit of agriculture should tend to make the farmer less self-reliant than is desirable. "Oh! Whither should we flee for aid?" is a question generally answered in these days by the one word—"Washington". And the farmer, long accustomed to rely upon his own common sense and the strength of his own right arm, is rapidly acquiring the same habit. He can not be much blamed for imitating the example set by the protected manufacturer.

While a good deal of sympathy may be felt for the real grievances of the farmer—and they are by no means few nor trivial in character—and while every measure wisely calculated to promote maximum farm production is worthy of attentive study, it must not be forgotten that the growth of the cities and of manufacturing has been one of the causes tending to make farming less unprofitable than it would otherwise be. The increased population

in the cities has vastly multiplied the number of consumers of farm products who are not at the same time producers of such products. Today the farmer has, almost at his doors, an enormous number of those who must buy and consume his products—a domestic market almost or quite never before equalled in buying power. Of course, the farmer can not help feeling that the remarkable development in manufacturing has deprived him of much of the labor previously at his command. But this loss of help has not been without compensation in the increased numbers and enlarged buying powers of the consumers of farm products.

Probably one of the chief sources of irritation on the part of the farmers consists in the greater profits made by many industrial concerns and financial corporations. They read of these enormous gains and compared them with the slender annual margin of profits which their own hard labor yields, and quite naturally experience resentment. A more comprehensive survey of the operations of other business concerns might render the farmer more philosophic. He would find many of them failing to show a large profit or any profit at all, while large numbers are annually compelled to seek relief in bankruptcy—an expedient to which the farmer rarely has to resort.

The facilities for farm credits have been very much extended and improved in recent years, and this should prove an important factor in enlarging farm operations and in rendering them more profitable, provided the farmer displays wisdom in the use of these added credit facilities.



THE disease of men is to neglect their own fields and go to weeding those of others; to exact much from others and lay light burdens on themselves.—Mencius ("The Wisdom of the Chinese.")



MILTON E. AILES

The new president of the Riggs National Bank
of Washington, D. C.

MR. AILES began his career as an office boy in the Treasury Department of the United States, having gone to Washington from his home in Shelby, Ohio. During President McKinley's administration following previous advancements, he was appointed assistant secretary of the Treasury. He served in this capacity until 1903 when he became a director and vice-president of the Riggs National Bank, and recently was elected president of the institution.



CHARLES G. DAWES

Selected by President Harding as Director of the Budget
under the Budget Law recently enacted by Congress

MR. DAWES, who served as a brigadier general during the war, was president of the Central Trust Company of Chicago which he founded in 1902 and of which he became chairman of the board in February, 1921. Previous to 1902 he served as Comptroller of the Currency. In 1917 he was elected president of the Chicago Clearing House Association.

Visualizing the Making of a Loan

Actual Demonstrations are Successfully Used by One Bank as
a Means of Education for Employees

By Thomas H. Work

Transit Manager, Bank of Buffalo Branch, Marine Trust Company, Buffalo, New York

THE necessity for educational classes in banking institutions, to cover methods of operation in the various departments, is receiving a great deal of attention at the present time. The theory of banking, and the laws governing banking transactions, are very ably taught in the classes under the direction of the American Institute of Banking, but each banking institution follows out the method best suited to its requirements, which, naturally, must be taught in the institution itself.

In order to secure an intelligent co-operation between the various departments in a bank, each department must be familiar with banking transactions, covering receipt to disposition, so that their particular responsibility in relation to all transactions may be thor-

oughly understood. As an illustration take the "daily clearings." The disposition of the "clearings" may primarily be the business of the clearings department, but the proper functioning of the department is dependent on the attitude of responsibility manifested by the various departments from which or through which the contributing "clearings" are directed. An elaboration of this point is unnecessary as its application to the various banking transactions is apparent.

Visual education, or the presentation of a subject by means of pictures flashed on a screen, either by cinema or stereopticon, is becoming the accepted method of instruction in schools, churches, factories and also in banks. In the Bank of Buffalo Branch of the Marine Trust Company, Buffalo, N. Y.,

Name JONES, John				Address 475 High St.			
Business or Occupation Dry Goods Clerk		Account Opened Oct. 6, 1919		Introduced by S. M. J.			
Connecting Accounts Clara Jones (Mrs. John)				Memo With Barnes Smith & Co.			
No Int.				Chargeable Account No.			
AVERAGE BALANCES		19 19		19 20		19 21	
January			350		270		
February			375		230		
March			250				
April			320				
May			325				
June			175				
July			250				
August			350				
September			325				
October			290				
November		240	245				
December		210	260				
YEARLY AVERAGE		225	293				
F 190		BANK OF BUFFALO		Liberty Bureau		-A	

Exhibit 1

\$500 ⁰⁰	BUFFALO, N. Y. <u>March 16</u> 1921
<u>Three months</u>	AFTER DATE <u>9</u> PROMISE TO
<u>Five Hundred</u>	PAY TO THE ORDER OF <u>Marine Trust Co. of Buffalo</u>
<u>with interest</u>	<u>DOLLARS</u>
VALUE RECEIVED AT BANK OF BUFFALO BRANCH <small>The Marine Trust Company of Buffalo</small>	
HAVING DEPOSITED WITH SAID BANK OF BUFFALO BRANCH AS COLLATERAL SECURITY FOR THIS AND ANY OTHER INDEBTEDNESS OF MINE, OURS TO SAID BANK, THE FOLLOWING:	
<u>\$1000⁰⁰ U.S.A. 4th L.C. Bonds 4/4 0.</u>	
<u>John Jones.</u>	

Exhibit 2

educational classes have been organized to teach banking as it is practiced in that institution, and the stereopticon is used extensively. The stereopticon furnishes an easy and efficient method of imparting instruction through the eye. The language of the eye, so to speak, is universal, and by necessity is trained intensively.

In presenting to a class the opera-

tions of the collection department, the various entries, with the accompanying forms, covering the receipt and disposition of a certain item, are flashed on the screen. An oral explanation is given as the slides are shown, and the class is encouraged to ask questions.

The operations in the transit department, with its problems of sending as great a volume of out of town items,

64	INDIVIDUAL
<p>For Value Received, I hereby agree with the BRANCH, MARINE TRUST COMPANY of BUFFALO, N. Y.</p> <p>that whenever and as long as I shall for any cause be indebted or liable, absolutely or contingently, in any amount to the said Bank, whether such debt or liability be due or not due, it shall have the right to hold and apply its own indebtedness or liability to me, for any cause, due or not due, towards and as security for the payment of any such indebtedness or liability on my part to it, or to set off its said indebtedness or liability to me against my said indebtedness or liability to it, and shall hold in pledge as security for the payment of any such indebtedness or liability on my part all money and all bonds, stocks and other securities whatsoever in its possession in which I have any interest, and may use and apply that money towards the payment of any such indebtedness or liability on my part and sell all bonds, stocks and other securities whatsoever or any part thereof, at public or private sale, and if at public sale, may become the purchaser thereof, and I hereby waive notice to me of its intention to make such sale, or of the time or place thereof, and demand of payment of any such indebtedness or liability on my part, and so far as those securities shall consist of what is usually called commercial paper, the said Bank may, instead of selling the same, collect it, with or without suit, or make such compromise, as it may deem best with all or any of the parties thereto, and may extend the time of payment of any such paper without thereby extending the time of payment of or otherwise affecting any such indebtedness or liability on my part, and after deducting the expenses of such sales and collections, including all for legal services arising from or incidental to the sale, realization or collection of such bonds, stocks and other securities, the said Bank may apply the proceeds towards the payment of any such indebtedness or liability on my part, due or not due, rendering any surplus to me on demand in writing. The said Bank is hereby granted full power and authority at any time to demand additional approved collateral, in amount satisfactory to it, and upon my failure to comply immediately with any such demand all my indebtedness and liabilities to it, direct or contingent, shall at its option become immediately due and payable, and it may proceed with the sale of collateral as provided above. All my present and future indebtedness or liability to the said Bank, and all its present and future demands against me shall be deemed to have been contracted and acquired on the faith of this agreement. In case of my suspension, failure, insolvency or petition in bankruptcy filed by or against me, any and all indebtedness of mine to the said Bank, whether evidenced by note or otherwise, shall become immediately due. On the happening of any such event of suspension, failure, insolvency or bankruptcy the said Bank may make and prove its claim against me or against my estate for, and receive dividends upon, the full amount of my said indebtedness, holding any collateral or securities as aforesaid until it shall be ascertained whether or not there may be any deficit. In case of any deficit the said Bank is hereby authorized to apply all or any part of any such collateral or securities or of the proceeds thereof towards the payment of such deficit with interest in full accounting to me for any surplus.</p>	
Buffalo, N. Y. <u>March 16</u> 1921.	<u>John Jones.</u>

Exhibit 3

ness. You see I bought a home recently and it has a mortgage on it, which I am obliged to pay off at the rate of \$500 each quarter. Unfortunately the money I expected to have to meet the next payment, thought perfectly sure, will not be available for three months, and I will need the money next month. I feel reasonably sure that the money will be in hand to liquidate the loan.

L. O.: "Oh, by the way Mr. Jones, I see you live right in that new section of our city where we have just opened our eighteenth branch. We would be glad to have you do a little boosting for us in that section."

J. J.: "After your kindness to me this morning I certainly will."

(John Jones signs note and pledge, which are flashed on the screen, then

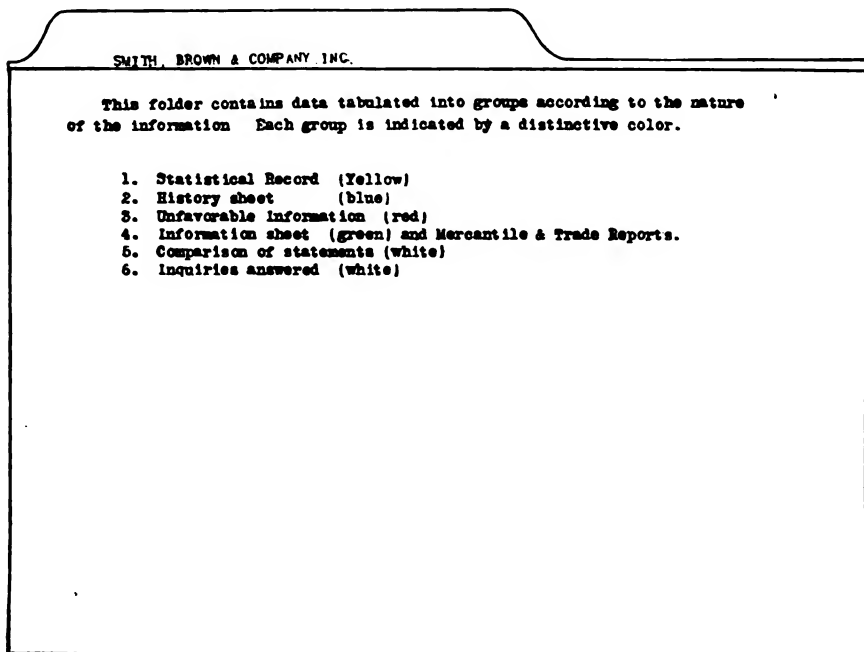


Exhibit 5

L. O.: "Well Mr. Jones you carry a fair balance in your checking account I know. What can you offer in the way of security?"

(Slide exposed showing Mr. Jones' average balance card—Exhibit

No. 1)

J. J.: "Like most men I have a box full of Liberty Bonds and could put up \$1,000 worth."

L. O.: "That will be perfectly satisfactory to us, and we will be glad to help you out, Mr. Jones."

J. J.: "I certainly appreciate the accommodation."

the class review and discuss the loan and the various forms.)

Exhibits

Collateral note. (Exhibit No. 2.)

Pledge. (Exhibit No. 3.)

Collateral Record. (Exhibit No. 4.)

LOAN NO. 2

Customer

Smith, Brown & Company, Inc.

Amount desired

\$5,000.

Reason for borrowing

To buy potatoes and other commodities.

Claim for credit based on

Account, financial statements.

Mr. Smith, president, and Mr.

Brown, secretary of the company are greeted by the loaning officer, and after being seated comfortably, make application for loan, as indicated above. Loan granted after discussion.

Exhibits

- Folder. (Exhibit No. 5.)
- Statistical record. (Exhibit No. 6.)
- Comparison of statements. (Exhibit No. 7.)

LOAN NO. 3

Customer

William Brown.

Amount requested
\$50,000.

Reason

Buy high grade securities selling at low level.

Claim for credit based on

Average balances of \$10,000. Interest account, maximum rate.

Application by Mr. Brown declined. Mr. Brown was inclined to be somewhat sarcastic regarding the turning down of his application, but eventually saw the reason for the adverse action of the bank, when the loaning officer explained to him that at the present

time banks were not interested in loans, which were not in the interest of productive enterprises.

Exhibit

Average balance card.

LOAN NO. 4

Customer

Benjamin Weill & Company.

Amount desired
\$50,000.

Reason

Buying raw furs for fall business.

Claim for credit based on

Past record and financial statement.

Dialogue

Loan granted.

Exhibits

Statistical record.

Comparison of statements.

LOAN NO. 5

Customer

Johnstown Shoe Co.

Amount desired
\$300,000.

Reason for loan

Purchase raw material.

Credit accommodations based on

Balances maintained and condition of financial statements.

NAME SMITH, BROWN & COMPANY, INC.				BUSINESS				ACCOUNT OPENED					
				Commission Merchants				February 10, 1919					
CORPORATION { Name and title of loan officer }				Henry B. Smith, Pres.				CONNECTING ACCOUNTS					
PARTNERSHIP { Name of each partner }				Walter Brown, Sec'y. & Treas.				Special a/c					
MEMO								Henry B. Smith					
								Sarah Smith, (Mrs. H. B.)					
RATINGS		1920				1921				192			
R. G. Dun & Co.		Jan. 5,000 - 10,000 Good				March 10,000 - 20,000 High							
Bradstreet		Jan. 5,000 - 10,000 1st				Jan. 10,000 - 20,000 1st							
Own Estimate													
MONTH	Average Balance	Total Deposits (except Dividends)	Highest Act. Line	Lowest Act. Line	Average Balance	Total Deposits (except Dividends)	Highest Act. Line	Lowest Act. Line	Average Balance	Total Deposits (except Dividends)	Highest Act. Line	Lowest Act. Line	
January	5240	30900	10000	10000	5850	18400	3000	0					
February	5475	38600	10000	7000	3875	16000	0	0					
March	6600	28200	7000	7000									
April	7500	28400	7000	4000									
May	5185	28695	4000	4000									
June	6240	33100	4000	4000									
July	8250	30980	4000	2000									
August	8500	24900	2000	0									
September	5870	18900	0	0									
October	6650	11890	0	0									
November	4310	7190	0	0									
December	4150	11400	3000	0									
FOR YEAR	6012	274,585	10000	0									
REMARKS Average 1920 Special a/c 7,600.00				INTEREST None on Regular a/c									
				- Quarterly Special a/c									
				- Quarterly Personal a/c									
				EXCHANGE Per									

Exhibit 6

Dialogue

Loan granted.

Exhibits

Average balance card.

Financial statement.

History sheet.

LOAN NO. 6

*Customer*The Adirondack Lumber Company,
Inc.*Amount desired*

\$25,000.

Purpose of Loan

Pay current bills.

Security

Guarantee of the officers and directors.

Dialogue

Loan granted.

*Exhibits*Guarantee signed by the officers and
directors.

Financial statement.

History sheet.

The dialogue covering Loans No. 2

COMPARISON OF STATEMENTS OF SMITH, BROWN & COMPANY, Inc.									
RESOURCES		1920 Jan. 1st	1921 Jan. 1st						
Stock in Trade, Good Bills Receivable, Good Open Accounts, less than months old, Good Open Accounts, more than months old, Cash on Hand and in Bank, Machinery and Fixtures, Real Estate, Other Assets		2 880	5 835						
		109							
		351	7 892						
		8 225	9 903						
		2 925	3 000						
		1 210	1 400						
		9 000	12 500						
TOTAL,		25 696	40 328						
LIABILITIES									
Borrowed Money Other Liabilities Mortgages	Promissory Notes to Banks,	2 000	3 000						
	Promissory Notes to Individuals								
	Accounts Payable,								
	Promissory Notes for Merchandise,								
	Accounts Payable for Merchandise,	2 302	2 575						
Other Liabilities	Accrued payroll, etc.		125						
	Accrued & Reserve Taxes		250						
TOTAL LIABILITIES,		4 302	11 450						
NET WORTH	Capital Paid In	10 000	10 000						
	OR Surplus and Profits,	15 396	22 878						
TOTAL,		25 696	40 328						
TOTAL QUICK ASSETS,		19 488	26 428						
LIABILITIES		4 302	9 950						
EXCESS QUICK		15 186	16 478						
Indirect Liabilities	On Customers Paper Discounted,	none	none						
	On Other Paper	none	none						
	Sales,	175 100	235 285						
Average Balance,		7 109	6 014						

Exhibit 7

and 6, inclusive is omitted, and also the illustration of the exhibits in connection with Loans No. 3 to 6, inclusive, so as not to make this article unduly long.

By this method of personal presentation, with the assistance of the stereopticon it was possible to cover this subject comprehensively in one evening. The statistical figures on the various statements were analyzed, and the reasons for rejection or granting the loans were explained. Number of slides used 21.

The stereopticon is an inexpensive proposition, the illustrations for the slides are easily made up, and the finished slides can be furnished on a one day service by any slide company.

In the event of the introduction of a new plan of operation or a new system in any of the departments this method of presentation is very effective. The entire staff is present, the features of the new system are explained, and discussed, and when the system is put in operation friction is practically eliminated.

The day is not far distant when the stereopticon, if not the "cinema" will be a part of the educational equipment of every up-to-date banking institution.

The educational classes in the Bank of Buffalo, are under the direction of Ralph Croy, vice-president, with Harold E. Parker, chief clerk, and Thomas H. Work, transit manager, instructors.



Some Thoughts on Bank Letters

By Roger Steffan

Educational Director, The National City Bank, New York

SUPPOSE an officer of a bank with which your bank formerly had very pleasant dealings should come in tomorrow morning, sit down at your desk and say:

"Things are getting so bad that I am forced again to call your attention to the handling of our bill of lading drafts. These drafts have been continually delayed. We have had to write you several times about them and have not had a reply from you.

"I have just learned today that our bill of lading draft for \$1,150 drawn by Bosworth Company has neither been paid nor returned. Our inquiries concerning it have not been answered.

"It looks very much as if your bank finds it too difficult to give the service that other banks do in these matters. As I am not desirous of troubling you further I request only your report as to the draft above mentioned. Our other bill of lading drafts we shall send somewhere else."

Now if you were face to face with a man like this across the desk, you would take up his case tactfully and carefully and you would probably be able to show him before he left that you were really giving very careful attention to his account and wanted his business.

This would be especially true if investigation showed that the specific draft mentioned was received and properly credited and advice sent forward and that there had been no inquiries from his bank regarding it. If your investigation showed further that in every case the bill of lading drafts sent by this bank had been handled with unusual promptness and that no complaints had been received during the last three months, you would have to conclude that the error was somewhere else.

Consider this same situation by letter and you have a much more difficult problem to handle than if you could

talk to your friend who probably would be quite an irate banker when he started to criticise. Not only do you have to explain in detail a delicate situation, but you are under the handicap of dispelling an opinion which doubtless is very strongly grounded in his mind. And strangely enough there is sort of an instinctive feeling in all but the very best letter writers to show feeling in letters that they would not show in conversation. A letter is such an impersonal thing that it seems just the medium for voicing the innermost feelings regardless of what tact and diplomacy may be required by the external situation. Banks of course may have no larger share of problems of this kind than any other business organization but their problems are of a special nature and they do require special treatment.

How would you write a letter to soothe the feelings of the complaining banker in question to retain him as a friend of your bank? There is not, of course, any one solution to that or any other bank letter problem, but there are principles which, applied, will get the results. A letter, for instance written in the spirit of the following letter, called for by a similar complaint with however an opposite set of supporting facts, would be a good link in the chain of friendly—ergo—profitable, relations:

J. B. Walker, President
The Sears National Bank,
Sears, Iowa.

Dear Mr. Walker:

I hardly know how to answer your letter of May 1. After my assurances that your unfortunate experiences with us surely would not be repeated I am deeply embarrassed that you find it necessary to write again. You have been most patient and we are going to justify your forbearance by every means in our power.

I have started an investigation as to your remittance of foreign currency. Our receipts to you show that we received it, but there is no word of it here. Of course we will make it good and one of our officers will write to you about it.

We are all troubled over the fact that so friendly and valued a customer as the Sears National Bank should have had so many annoyances in its business with us.

You seem to have been peculiarly fated for mishaps of one kind or another. We hope, however, to dispel the hoodoo.

Very truly yours,
L. H. ANSTON
Assistant Cashier.

This letter, it may be noticed, nowhere contains any suggestions or fear of the idea that the recipient may terminate relations with the bank. The insertion of such a suggestion is a common fault which should be carefully guarded against. It is always the sign of weakness and is often introduced as an idea in the reader's mind that he has not previously entertained.

Suppose again that you find it necessary tomorrow to dictate a letter about her account to the Countess Maria di Chilsea. What you want to tell her might be quite simple and easily dictated, but just how will you address the Countess? Will it be Madame, or Dear Madame or what? This may not present much of a work for the busy bank executive, because he can easily pass over it and let his secretary find the answer but, somewhere in the works, even such matters of detail have got to be satisfactorily settled.

Likewise do the small questions of form such as, distinguishing finely between the style to use in addressing a firm of lawyers, a group of individuals, two ladies, a member of Congress, come up a hundred times a day in a big institution.

LETTERS AS BUSINESS BUILDERS

Although correspondence has always been part of the machinery of banking it has only recently become a subject of scientific study and use. Today it is recognized that the letters of a bank afford one of the most far reaching forces in building the business. So long as a bank was chiefly a local institution most of its transactions were carried on by personal contact with its customers. In those days letters were regarded primarily as records. They naturally acquired many of the characteristics of legal documents. Notable among these were the semi-legal phraseology. And many writers still find it difficult to rid

themselves of this inheritance of the past.

The present status of bank correspondence is no longer so small that the officers can handle it in their spare time. It is no longer limited to records of transactions already consummated. Today letters make history as well as record it. And today when only a small part of bank business is carried on by personal conferences, letters are a great part of its creative force. The letters of our grandfathers—good letters for their time—are in no sense adequate for our needs. We must regard our letters as paper-and-ink substitutes for flesh-and-blood representatives. And they must have the same human qualities we expect of these representatives. Legal phraseology is no more suitable to present conditions than the quill pen or the sand glass.

In practically every bank letter, even the routine letter, there is the opportunity to give real service of the kind you would welcome if you were the reader, not the writer. If you give this service it will gradually develop a feeling of friendliness and respect and will sooner or later result to the benefit of yourself and the house you represent.

In a small, one-man business the personality of the proprietor or manager is frequently a powerful factor in achieving success. His character is made known to his customers by personal contact. If it is the kind of character they admire and respect it helps bind them more closely to the house. Good business methods alone can never compete with good business methods plus character.

Some business men who have distinctive character are unable to extend this influence beyond those whom they meet personally. A smaller number of persons can express themselves on paper. Their letters breathe their personality. Character in letters is the counterpart of style in literature. It is the individual impress the writer sets upon his production. The large bank is not ordinarily created by the expansion of an individual's work. Even though one

person may determine its policy the units that compose it are too numerous and diversified to be trained under his personal direction. Often they may have no way of knowing what his individual style may be.

It is partly because of this fact that few large institutions have developed distinct character in their correspondence. And this is often a real disadvantage. The head of a great retail organization that maintains hundreds of stores throughout the country once remarked that the small independent retailer had little to fear from his competition. The independent stores have the priceless advantage of personal supervision over details and personal contact with the trade.

Character in bank correspondence is worth striving for. A bank enjoys a very definite position in the minds of people. They respect it and they expect much of it. The avoidance of errors is not enough. The bank's letters must have positive qualities that command attention and admiration.

Much may be accomplished by strictly observing standards prescribed in manuals of form such as the National City's "Building Bank Letters." External though they are, these little matters have an important bearing upon the impression made by the letter. Even more may be accomplished by applying principles of composition. Letters that are uniformly clear, correct, concise, and courteous will build up and maintain a bank's reputation for service.

DESIRABLE QUALITIES IN BANK LETTERS

Let us consider, for instance, some of the qualities that are desirable in bank letters:

1. First on the list of qualities you would surely put *sincerity*. The reader must not be allowed to doubt the genuineness of any statement of fact or expression of feeling. Nothing destroys character in the letter more quickly than the insincere.

Contrast the following:

Insincere

We receive many letters of praise but we do not value them so much as we do letters like yours that help us improve our service.

Sincere

We are glad you did not allow this annoying condition to continue longer before telling us of it. The more promptly we can discover and remedy faults in our service the better we like it.

2. The bank must have *dignity*, Familiarity, effusiveness, and colloquial talk may be desirable characteristics in the letters of some mercantile houses, but they are not consistent with the public conception of a great banking institution. The history of banking and its present world status demand that its affairs be carried on with a considerable degree of restraint and formality. This requirement, to be sure, deprives the bank correspondence of some elements that might add to its readability, but gives it the compensating advantage of greater weight.

Contrast the following:

Too Effusive

It certainly was most kind of you to give us the benefit of your help in securing the account of the State Bank and we want to assure you that whatever the result of our joint efforts we shall consider ourselves under the greatest obligations to you.

More Restrained

We appreciate your help in connection with the account of the State Bank. Whatever the outcome of our efforts—we shall be mindful of the service you have rendered.

Restraint, however, should not result in coldness or "standoffishness". The personality of a bank should be *cordial*.

Cordiality or urbanity can only be acquired by a process of continually rubbing up against people. And although it is as far removed as possible from snobbishness it is an attribute of those who feel their position secure.

Contrast the following examples:

Raw and Impatient

You seem to be laboring under a misapprehension regarding the geographical location of the City of Kristineham, as it is an inland town on Lake Wener in Sweden, whereas Christiania is a port in Norway.

Urbane

Is it not possible that through the similarity of names, the inland city of Kristineham, Sweden has been confused with the seaport city of Christiania, Norway?

Urbanity should never be allowed to degenerate into a tone of superiority. Great institutions, like great men, are always democratic in their attitude. All this is easy to accept in theory. In the actual practice of handling correspondence, however, it is quite possible to fall into a somewhat condescending tone, towards a reader who seems to be in some respect on a lower level than ourselves.

Contrast the following:

Superior

Regarding the statement that through bills of lading are not issued to Christiania, we might say that we have not heard of any such ruling by the United States Shipping Board, nor does it interest us to any great extent, as shipment should be made to Kristineham and Christiania does not enter into the situation.

Democratic

We previously have not received information of any ruling by the United States Shipping Board against the issuance of through bills of lading to Christiania, but such a ruling would be no barrier in this case, as shipment should be made to Kristineham, Sweden.

It is not to be expected that all the characteristics that have been enumerated would be manifest in all letters, or in any one letter. No characteristic is to be exhibited consciously and obviously; if it were, it would cease to be a characteristic and become a pre-

tense. The essential thing is that a writer incorporate these qualities, so far as he can, in his mental make-up. He will then be quick to detect any negative qualities in his letters, and will gradually find himself developing the stronger and more positive qualities. The writer may even know the kind of letters desired. But to write those letters himself or to have a staff of correspondents write them so that when they go out over his signature they will seem to express the personality of his bank, is another matter. It was this need that led the National City Bank to develop its own course in Bank Letter-Writing.

HOW ONE BANK IMPROVED ITS LETTER WRITING

The course was built with no preconceived notions. It was intended to make City Bank letters 100 per cent business-building. We discarded notions, which had been traditionally used but did not seem useful to us, just as readily as we incorporated new and untried ideas which met our needs. The course was not something that we thought of overnight. The problem of improving letters had been considered for a long time. That the solution to such a problem must include both the persons who dictate and those who transcribe was apparent.

A mastery of letter writing is acquired through actual writing of letters and so the writing of letters is made an important part of our Bank Letter-Writing Course. It includes study, practice in writing, and constructive criticism—three points of application which properly ought to produce the *finished letter-writer*. One letter is written upon each of the following ten subjects, which are the titles of the units of the course:

1. The service viewpoint in letters.
2. Making the letter easy to read.
3. Striking the responsive cord.
4. Concentrating on the main idea.
5. Progressing to the conclusion.
6. Driving home the message.
7. Effective paragraphing and sentence structure.
8. Good diction in bank correspondence.

9. Special problems in bank letters.
10. Making the bank's letters distinctive.

To round out the mechanical part of the work there is a manual accompanying the ten units called "Building Bank Letters." It is based on City Bank practice and consists of six sections covering display, forms for letters, suggestions to dictators, punctuation, capitalization, spelling and word usage.

But, why a correspondence course rather than any other kind of a course for developing letter-writing? Well, what could better lend itself to instruction by correspondence than letter-writing? Observation and actual writing are the implements of its development much more than lectures or oral discussion. Banks can't fix arbitrarily a time for class meetings which will be convenient for all employees. There is no ideal hour either before or after banking hours when everyone, who ought to have the opportunity, can take such a course. The difficulty of arranging class room work is not indigenous to banks, but it is emphasized more in a bank than in many business organizations.

This idea of a course without class room instruction has some other advantages, too. It demands, in many respects, a better course. When you take away the personality of an individual instructor, you must make the text all the more forceful. You must impersonally hold the attention of the student. You must make the course so interesting that it acts as teacher, truant officer and the rest of the educational system.

That is accomplished only when a course gets right down to the heart of things and touches a man's work. When education talks in such every day terms that the man can clearly see from one day to the next that his study is definitely increasing his ability and capacity for production he is bound to be sold on the course.

A TYPICAL LETTER PROBLEM

All of the illustrative material in the Bank Letter-Writing Course and all of the ten problems, to which letter an-

swers are required, are of that style. The following is a typical problem, to which each student writes a reply, which is carefully and constructively criticized and returned to him with the comments of the examiner.

(Assume this letter has been received from the Swedish American Bank, of Yankton, South Dakota).

Yankton, South Dakota, Jan. 31, 1920.

The National City Bank of New York,
55 Wall Street,
New York City.

Gentlemen:

We are contemplating the purchase of some of the paper of one of the subsidiaries of the Artificial Ice Company, of New York. Will you please let us know how this latter company is regarded in financial circles in your city? We understand that it operates a number of ice companies in various cities.

We shall appreciate as full information as you can give us about the reliability, financial standing, and prospects of the Artificial Ice Company and its subsidiaries. Needless to say, we shall hold in strictest confidence anything you tell us.

Very truly yours,

GUSTAV HESSERT,
Cashier.

GH:AB

This company is one at whose disposal we hold a substantial line of credit against its straight paper. The account always has been conducted in a satisfactory manner, and substantial balances are maintained at all times.

The trade information concerning the company is likewise favorable. It takes advantage of discounts, and its account is considered a desirable one. It does business with other banks through its subsidiaries, and these institutions speak in the highest terms of the concern and its management. The problem is to write an answer to the letter.

If you have not already made inquiry you will be surprised at the number of letters that go out from your bank any day and you will be astounded at the disregard with which situations with possibilities either for everlasting friendship or hurtful ill will are handled by the average letter-writer. Only a basis of sound information and practice helps a writer to turn a complaint into an asset, or to decline a request without hurting an applicant's feelings.



Middle West Has Faith

By Arthur Reynolds

President Continental and Commercial National Bank, Chicago

IN the Middle West we have all the troubles there are. We have had profiteering and extravagance, high prices and high wages, falling prices and a buyers' strike. We have low production, shutdowns and unemployment; we have had railroad congestion and we have idle cars. We have had big inventories and big losses, big crops and shrinkage values. We have a housing shortage with landlords and tenants in a death struggle. We have

building rings and investigations. We have declining bank deposits and a constant demand for credit. The tax collector is clamorous and persistent and the end is not yet.

But we are neither discouraged nor disheartened. We believe in ourselves, in our Government and in our country. We know that we will work out our business difficulties and come again to prosperity.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



IMPORTANT essentials in the service offered by the modern bank are quality and comprehensiveness. We have maintained the first through our existence of more than a century. The second is secured through our foreign, trust and investment services, which supplement our regular commercial banking functions.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Head Office: 20 Nassau Street

Capital, Surplus and Profits
\$25,000,000

Deposits, December 29, 1920
\$224,000,000

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Par Collection of Checks by Federal Reserve Banks

American Bank & Trust Co. v. Federal Reserve Bank of Atlanta, United States Supreme Court, May 16, 1921.

IN the action by the country banks in Georgia against the Federal Reserve Bank of Atlanta, to restrain the defendant from collecting checks "except in the usual way," the plaintiffs alleged in their complaint that the defendant intends to accumulate large numbers of checks drawn on the country banks and then present them over the counters of such banks for payment. It was also alleged that the object of the defendant in taking this course was to compel the country banks to join the Federal Reserve System, or at least to open a non-member clearing account, and that the result of such action would be to drive some of the plaintiffs out of business and to diminish the income of all of them. The Supreme Court holds that, if the allegations contained in the complaint can be established by evidence, the plaintiffs are entitled to the injunction which they ask. The motion to dismiss the complaint, granted by the lower court, is therefore reversed and the case remanded for a trial upon the merits.

OPINION

This is a bill in equity brought by county banks incorporated by the State of Georgia against the Federal Reserve Bank of Atlanta, incorporated under the laws of the United States, and its officers. It was brought in a State Court but removed to the District Court of the United States on the petition of the defendants. A motion to remand was made by the plaintiffs but was overruled. The allegations of the bill may be summed up in comparatively few words. The plaintiffs are not

members of the Federal Reserve System and many of them have too small a capital to permit their joining it—a capital that could not be increased to the required amount in the thinly populated sections of the country where they operate. An important part of the income of these small institutions is a charge for the services rendered by them in paying checks drawn upon them at a distance and forwarded, generally by other banks, through the mail. The charge covers the expense incurred by the paying bank and a small profit. The banks in the Federal Reserve System are forbidden to make such charges to other banks in the System. Federal Reserve Act of December 23, 1913, c. §13; 38 Stat. 263; amended March 3, 1915, c. 93; 38 Stat. 958; September 7, 1916, c. 461; 39 Stat. 752; and June 21, 1917, c. 32, §§4, 5; 40 Stat. 234, 235. It is alleged that in pursuance of a policy accepted by the Federal Reserve Board the defendant bank has determined to use its power to compel the plaintiffs and others in like situation to become members of the defendant, or at least to open a non-member clearing account with defendant, and thereby under the defendant's requirements, to make it necessary for the plaintiffs to maintain a much larger reserve than in their present condition they need. This diminution of their lending power coupled with the loss of the profit caused by the above mentioned clearing of bank checks and drafts at par will drive some of the plaintiffs out of business and diminish the income of all. To accomplish the defendants' wish they intend to accumulate checks upon the country banks until they reach a large amount and then to cause them to be presented for payment over the counter or by other devices detailed to require payment in cash in such wise as to compel the plaintiffs to maintain so much cash in their vaults as to drive

them out of business or force them, if able, to submit to the defendants' scheme. It is alleged that the proposed conduct will deprive the plaintiffs of their property without due process of law contrary to the Fifth Amendment of the Constitution and that it is *ultra vires*. The bill seeks an injunction against the defendants collecting checks except in the usual way. The District Court dismissed the bill for want of equity and its decree was affirmed by the Circuit Court of Appeals (November 19, 1920). The plaintiffs appealed, setting up want of jurisdiction in the District Court and error in the final decree.

We agree with the Court below that the removal was proper. The principal defendant was incorporated under the laws of the United States and that has been established as a ground of jurisdiction since *Osborne v. Bank of the United States*, 9 Wheat. 738. *Pacific Railroad Removal Cases*, 115 U. S. 1. *Matter of Dunn*, 212 U. S. 374. We shall say but a word in answer to the appellants' argument that a suit against such a corporation is not a suit arising under those laws within §24 of the Judicial Code of March 3, 1911, c. 231; 36 Stat. 1087. The contrary is established, and the 'accepted doctrine is intelligible at least since it is part of the plaintiffs' case that the defendant bank existed and exists as an entity capable of committing the wrong alleged and of being sued. These facts depend upon the laws of the United States. *Bankers Trust Co. v. Texas & Pacific Ry. Co.*, 241 U. S. 295, 306, 307. *Texas & Pacific Ry. Co. v. Cody*, 166, U. S. 606. See further *Smith v. Kansas City Tile & Trust Co.*, Feb. 28, 1921. A more plausible objection is that by the Judicial Code, §24, sixteenth, except as therein excepted national banking associations for the purposes of suits against them are to be deemed citizens of the states in which they are respectively located. But we agree with the Court below that the reasons for localizing ordinary commercial banks do not apply to the Federal Reserve Banks created after the

Judicial Code was enacted and that the phrase 'national banking associations' does not reach forward and include them. That phrase is used to describe the ordinary commercial banks whereas the others are systematically called 'Federal Reserve Banks.' We see no sufficient ground for supposing that Congress meant to open the questions that the other construction would raise.

On the merits we are of opinion that the Courts below went too far. The question at this stage is not what the plaintiffs may be able to prove, or what may be the reasonable interpretation of the defendants' acts, but whether the plaintiffs have shown a ground for relief if they can prove what they allege. We lay on one side as not necessary to our decision the question of the defendants' powers, and assuming that they act within them consider only whether the use that according to the bill they intend to make of them will infringe the plaintiffs' rights. The defendants say that the holder of a check has a right to present it to the bank upon which it was drawn for payment over the counter, and that however many checks he may hold he has the same right as to all of them and may present them all at once, whatever his motive or intent. They ask whether a mortgagee would be prevented from foreclosing because he acted from disinterested malevolence and not from a desire to get his money. But the word 'right' is one of the most deceptive of pitfalls; it is so easy to slip from a qualified meaning in the premise to an unqualified one in the conclusion. Most rights are qualified. A man has at least as absolute a right to give his own money as he has to demand money from a party that has made no promise to him; yet if he gives it to induce another to steal or murder the purpose of the act makes it a crime.

A bank that receives deposits to be drawn upon by check of course authorizes its depositors to draw checks against their accounts and holders of such checks to present them for payment. When we think of the ordinary case the right of the holder is so un-

impeded that it seems to us absolute. But looked at from either side it cannot be so. The interests of business also are recognized as rights, protected against injury to a greater or less extent, and in case of conflict between the claims of business on the one side and of third persons on the other lines have to be drawn that limit both. A man has a right to give advice, but advice given for the sole purpose of injuring another's business and effective on a large scale, might create a cause of action. Banks as we know them could not exist if they could not rely upon averages and lend a large part of the money that they receive from their depositors on the assumption that not more than a certain fraction of it will be demanded on any one day. If without a word of falsehood but acting from what we have called disinterested malevolence a man by persuasion should organize and carry into effect a run upon a bank and ruin it, we cannot doubt that an action would lie. A similar result even if less complete in its effect is to be expected from the course that the defendants are alleged to intend, and to determine whether they are authorized to follow that course it is not enough to refer to the general right of a holder of checks to present them but it is necessary to consider whether the collection of checks and presenting them in a body for the purpose of breaking down the petitioner's business as now conducted is justified by the ulterior purpose in view.

If this were a case of competition in private business it would be hard to admit the justification of self interest considering the now current opinion as to public policy expressed in statutes and decisions. But this is not private business. The policy of the Federal Reserve Banks is governed by the policy of the United States with regard to them and to these relatively feeble competitors. We do not need aid from the debates upon the statute under which the Reserve Banks exist to assume that the United States did not intend by that statute to sanction this

sort of warfare upon legitimate creations of the states.

Decree reversed.



Irrevocable Letter of Credit

Imbrie v. D. Nagase & Company, Ltd.,
New York Supreme Court, Appellate
Division, 187 N. Y. Supp. 692.

A bank which issues an irrevocable letter of credit, at the request of the purchaser of goods, wherein it agrees to accept drafts, drawn by the seller and attached to bills of lading, is in no way concerned with the contract between the buyer and seller. If the goods are rejected by the buyer, the proper remedy of the bank is to sell the goods, and, if the proceeds realized from the sale are insufficient to cover its advances, take recourse against the buyer for the difference, but it cannot recover from the seller.

OPINION

Appeal from Special Term, Westchester County.

Action by James Imbrie and others against D. Nagase & Co., Limited. From an order sustaining a demurrer to the third and fourth partial defenses, and to the first and second counterclaims, and dismissing the counterclaims, defendant appeals. Order reversed.

Argued before JENKS, P. J., and MILLS, RICH, KELLY, and JAY-COX, JJ.

Frederick Seymour, of New York City (Edward K. Sumerwell, of New York City, on the brief), for appellant.

Mark Hyman, of New York City (Allan R. Campbell, of New York City, on the brief) for respondents.

RICH, J. Four causes of action are alleged in the complaint. The first is to recover the proceeds of a draft for \$41,625, accepted and paid by plaintiffs' assignor, the National Bank of South Africa, Limited, for which it is alleged the bank has received no consideration. The second is to recover

The Country Banker as a Factor in Modern Farm Development



Exact reproduction of front of gold medal, showing head of King George V



Exact reproduction of reverse side of gold medal, showing seal of the Royal Agricultural Society of England.

THE loaning of money and investing of funds of others, places bankers in intimate contact with the affairs of their clients, a personal understanding that falls to the lot of no other group of men in the vast fabric of our national industrial activities. You are the farmer's natural confidant.

If a man came to you with proper credentials and told you he could install a system in your bank which would mean greater efficiency at reduced cost, your business acumen would cause you to listen to that man's story. There is a story that every farmer in your community should hear, the story of

Wallis—World's Champion Tractor

In the Lincolnshire tests recently held in England, the Wallis—AMERICA'S FOREMOST TRACTOR—in competition with the world was awarded the gold medal of the Royal Agricultural Society and the world's championship in the three bottom class.

The farmer knows about this Wallis victory and he will be coming in one of these days and asking you about it. What more definite promise of per-

formance could he be given than the winning by Wallis of the gold medal of the Royal Agricultural Society of England and the world's championship in the three bottom class?

We are very desirous of informing you fully about the Wallis Tractor and every record of its performance and countless victories is open for your inspection.

J. I. CASE PLOW WORKS COMPANY
Dept. A86Y, RACINE, WISCONSIN

NOTICE: We want the public to know that the WALLIS TRACTOR

is made by the J. I. CASE PLOW WORKS COMPANY of Racine, Wisconsin, and is NOT the product of any other company with "J. I. CASE" as part of its corporate name.

WALLIS

—more acres per hour

\$5,660.59, a portion of a draft for \$59,250, accepted and paid by it, for which it is alleged no consideration was received, except \$53,589.41.

The third alleges a contract between defendant and Rothwell & Co., whereby defendant was to sell to the latter 3,000 cases, 75 pounds net landed weight each, Oriental peanut oil, containing a maximum of $4\frac{1}{2}$ per cent. f. f. a., at $18\frac{1}{2}$ cents per pound, shipment to be made from the Orient to Seattle, Wash., during June, July, and August, 1919, that payment was to be by draft accepted by a bank payable sixty days after sight, upon the delivery to such bank of the bill of lading vesting it with the title to the goods shipped under the contract; that the bank at Rothwell & Co.'s request issued a letter of credit, whereby it agreed to accept at sixty days' sight, drafts of defendant to an aggregate amount of \$41,625 on certain conditions, therein set forth, among which was that drafts drawn against the credit should have attached thereto bills of lading indorsed in blank representing a shipment of which the invoice cost to Rothwell & Co. should be the face amount of the draft. It is also alleged that it was agreed between the bank and defendant that, on accepting such draft, the bank should be vested with title to the goods at such invoice cost under the contract; that defendant drew the draft for \$41,625, which the bank accepted and paid, in consideration of the delivery to it of the bill of lading attached to the draft; that the bank thereafter discovered that the draft was not drawn in compliance with the terms of the letter of credit, in that the bill of lading which accompanied it did not represent goods of the invoice cost to Rothwell & Co. of the amount of the draft, nor goods contracted for, but the cases of oil represented by the bill of lading contained f. f. a. in excess of the required percentage and was not a good delivery thereunder, and that the goods were rejected, and the defendant accepted the return of them, and agreed to be charged with the amount of the draft.

The fourth alleges another and similar contract between Rothwell & Co. and defendant, whereby the latter agreed to sell 4,000 cases, 75 pounds each, or a total of 300,000 pounds net landed weight, of Oriental peanut oil, at $19\frac{3}{4}$ cents per pound. Another letter of credit was issued by the bank at the request of Rothwell & Co., by which it agreed to accept defendant's drafts for an aggregate amount of \$59,250 on the same conditions as were contained in the first letter of credit; that defendant drew a draft for this amount, which was accepted and paid by the bank, but the bill of lading accompanying the same did not represent goods of the invoice cost to Rothwell & Co. of the amount of the draft, in that the amount of the shipment was short in weight, so that the amount represented by such shipment was but of the value of \$53,589.41, whereas the draft was for \$5,660.59 in excess of the invoice cost of the oil. Although the balance of oil was demanded, defendant failed to deliver.

As partial defenses, defendant alleges a breach of contract by Rothwell & Co. with it, whereby it was damaged in the sum of \$20,000, and a failure by Rothwell & Co. to pay for a shipment of copra at the agreed price of \$18,552.67, which sums it has applied in liquidation and payment of said claims. Defendant also alleges these transactions as counterclaims. Plaintiffs' demurrer to these defenses and counterclaims has been sustained.

Appellant contends: (1) Plaintiffs' demurrer searches the entire record, and it requires prior consideration of the sufficiency of the complaint. (2) Neither the first nor second cause of action states facts sufficient to constitute a cause of action for money had and received. *Miller v. Schloss*, 218 N. Y. 400, 113 N. E. 337. (3) Neither the third nor fourth cause of action states facts sufficient to constitute a cause of action. (4) Plaintiffs' fourth cause of action is insufficient, because the bank's acceptance of the draft was after it had examined and weighed the oil and knew the shortage.

(5) The demurrer attacks the partial defenses and counterclaims upon the sole ground that the plaintiffs are not asserting the rights of Rothwell, but are only asserting the rights of the bank under the letter of credit, and therefore defendant's rights against Rothwell may not be pleaded in this action. (6) Plaintiffs err as to the legal effect of the bank's alleged title to the goods represented by the bill of lading.

It is argued that the action for money had and received, although at law, has its foundation in equitable principles, and always arises out of implied contracts, which are of two kinds—one where from the conduct of the parties there is implied a promise from one to the other, based upon the actual intent of the parties; the other consisting of contracts implied in law, where none in fact exist, quasi or constructive contracts. It is also urged that an implied contract of the first class cannot arise in the instant case, for it is definitely shown that such a contract would be contrary to the intent of the parties. In order to sustain an action of the second class, it is contended the money sought to be recovered must have been obtained from another through the medium of oppression, imposition, extortion, or deceit, or by the commission of a trespass. This line of reasoning is sought to be sustained on the authority of *Miller v. Schloss*, supra, and *National City Bank of New York v. Partola Manufacturing Co.*, 191 App. Div. 424, 181 N. Y. Supp. 464.

The letter of credit in the instant case was irrevocable. It contained the same provisions as the one under consideration in the *Frey & Son, Incorporated, v. Sherburne Co. Case*, 193 App. Div. 849, 853, 184 N. Y. Supp. 661, and if the bank had refused to pay the drafts it could have been compelled to. Similarly, the buyer, Rothwell & Co., could not have maintained a proceeding to restrain the bank from paying the drafts. If the buyer rejected the goods, it seems to me the bank's remedy was to sell the goods,

and, if insufficient was realized thereon to cover its advances, it had recourse to Rothwell & Co. for the difference. *Benecke v. Haebler*, 38 App. Div. 344, 58 N. Y. Supp. 16, affirmed 166 N. Y. 631, 60 N. E. 1107.

Having in the instant case, however, paid the drafts, and, as it claims, parted with its security, is it or its indemnitor entitled to maintain an action against the seller to recover the proceeds of the drafts? I think not. A bank issuing a letter of credit is in no way concerned with any contract existing between the buyer and seller. *Frey & Son, Incorporated, v. Sherburne Co.*, supra. Disputes between buyer and seller are likewise no concern of it. The bank's assignee is the indemnitor under the letter of credit. The bank has been fully repaid by the indemnitor for its advances, and it would seem that, if the plaintiff has any remedy, it would be against Rothwell & Co.; but we are not called upon to decide this question now. We have only to consider the propriety of the order appealed from. If plaintiffs are entitled to maintain the action against defendant, based upon the defendant's agreement with Rothwell & Co., defendant's claims against Rothwell & Co. may be properly set up by way of counterclaim.

The order must therefore be reversed, with \$10 costs and disbursements. All concur.



Foreign Money Transaction

Kirsner v. The State Bank, New York Supreme Court, Appellate Term, New York Law Journal, May 25, 1921.

The plaintiff sued the defendant bank for money which he paid to the bank for transmission to Russia, which money the bank failed to deliver. Upon application by the bank, the Municipal Court of New York City granted a stay of proceedings until three months after the recognition of a Government in Russia by the United States and the appointment of diplomatic representa-

tives, so that a commission to take testimony in Russia could be issued. On appeal, the Appellate Term held that the stay granted was too indefinite as to duration. The action of the lower court was reversed and the case sent back for trial.

OPINION

Appeal by plaintiff from an order of the Municipal Court of the City of New York, Borough of Manhattan, Second District.

GUY, J. In 1917 plaintiff paid \$360 to the defendant bank for transmission to his wife in Russia. The money was never paid to her. She arrived in this country in 1920, and plaintiff shortly thereafter demanded the return of the money so paid by him to defendant, which demand was refused. The action was begun by plaintiff by the service of a summons on the 10th day of December, 1920, which was indorsed, "Money had and received from transmission to foreign country," and an answer was filed on December 14 in the form of a general denial and demand for a bill of particulars. No application was made for a stay or for the issuance of a commission to take

testimony until the third day of February, 1921, when defendant, alleging on affidavits setting forth that under present conditions existing in Russia it was impossible for it to obtain the proof necessary to establish its defense, moved for a stay "until three months after the recognition of a Government in Russia by the United States of America, and the appointment of and the installation of ambassadors, ministers and consuls, so that a commission may issue to take testimony," which motion was granted.

The stay granted is so indefinite and so uncertain in duration, its termination being made dependent upon the happening of events which may never happen, that it amounts in effect to a final disposition of the action. We are of the opinion that the court was without power to grant such a stay, and the order is therefore appealable. We are also of the opinion that the defendant has been guilty of laches in failing to apply for the issuance of a commission until after the day set for trial.

The order must therefore be reversed, with \$10 costs, and the case set down for trial on the second day of June, 1921.

All concur.



No civilization can survive
repudiation.

—Warren G. Harding

What the Bank Farm Agent Can Do

By John Y. Beaty

SOME rural banks have employed a bank's farm agent with considerable profit. In most cases, only one bank in the town has employed such an officer, and in many cases, the other banks of the town, seeing the good resulting, have wished they too might render a similar service to their farmer customers, with the view to increasing business.

This brings up the question that will undoubtedly have to be settled before long: Will it be profitable for two banks in the same town both to employ a farm agent? This question will probably be settled in different ways in different communities, but it begins to look as if it would be extremely profitable for the banks of a county to co-operate in supporting a farm agent who would work for the interest of all of the banks in the county.

County agents employed by the farmers themselves to help the farming of the community, have brought millions of dollars into the farmers' pockets that were not there before, but the bank's agent has an entirely different function to perform.

Unfortunately, some farm agents who have been employed by banks have patterned their work almost entirely after the farm adviser and have lost sight of the interests of the bank. But there are enough kinds of service that a bank's farm agent may perform for the farmers in a county to make his employment highly desirable.

In discussing this matter with many rural bankers, and also with Prof. D. H. Otis, who is performing a somewhat similar service for the Wisconsin Bankers' Association, I have accumulated enough facts to make it seem certain that a venture of this sort would meet with the very best of success.

The work done by Prof. Otis is for all of the bankers in the state of Wisconsin, and his services are in great demand by most rural communities. It

is obvious, however, that one man cannot perform very intensive service for all the communities in a state.

From Prof. Otis' experience, it seems quite certain that one of the most important things such an officer would find to do, would be in connection with the farmers' income tax reports. Even with such wide territory to cover, Prof. Otis has been able to help several dozen farmers in the state to start an effective set of books. These books, when brought to the farmer's own banker, form a basis for filling out the income tax report that makes it possible to do the work in about five minutes, whereas the same report without such a help usually takes the time of a banker from one to three hours.

While it probably would not be possible for a county bank agent to get every farmer in the county to keeping books, his work throughout the year should all lead toward the easy handling of the income tax reports during February and March. This income tax report has come to be considered as quite a burden on the bank, and if a county agent could be depended upon to entirely eliminate this work for the people in the bank, this one service would certainly pay for his slight cost.

I find that most bankers are a little jealous of other institutions in the same county, and this has prevented, in most cases, putting through any proposition in the shape of cooperative advertising. The result is that most banks, unless they employ a person to devote his time specifically to publicity work, do not get anywhere near the result they should from the money spent.

Instead of a bank advertisement being nothing but a stereotyped form that may have been sold to hundreds of other banks, the right kind of a county bank agent could prepare advertisements that would educate the people in a county to the many serv-

ices the banks are glad to perform for any customer.

I am fully convinced that the greatest source of new business in any community is that class of people who do not understand all of the bank's functions. When you come to analyze the situation, you find that there is hardly a person in a county but who could be enlightened on some function of his bank. When so enlightened, almost every person in the community might bring in some new business for the bank.

Why do so many people in the smaller communities send their money for investment away from home? There is usually no reason at all, except that these people do not know that their banker is in a position to make such investments for them, at least with much greater convenience to them.

I might go on with dozens of examples of this sort. The right kind of a county bank agent could, by means of the press, personal letters, and personal calls and public meetings, inform practically all of the people in the county on these subjects. And this work would, without question, result in plenty of new business for every bank in the county.

Most folks hold back when they feel you are trying to sell them something. And that is why an agent attached to a single bank sometimes meets with difficulties in creating new business. The people with whom he is working, feel that instead of having their interest at heart, he is thinking only of the interest of a certain bank. If this same man were to handle his work entirely from the standpoint of the people of the community instead of from the standpoint of a single bank, his work would, without doubt, be very much more effective, and both the people and the banks of the community would benefit.

When any individual bank attempts work of this sort, the work has its good effect on all of the banks in this community, but this, obviously, is at least a little unfair to the bank employing

the agent. It is much more proper that the banks in the entire community should cooperate in the expense of such work, because they all will benefit.

There may be some difficulty in deciding upon a pro rata basis for taking care of the expense. But this ought not to be the case. Where cooperative work has been done, I have found that the most satisfactory way is to pro rate the expense according to the total resources of each bank.

My investigation has disclosed the fact that perhaps the greatest need in most rural communities is organization among the farmers. This organization can well be fostered by the banks of the county, and could best be carried out and maintained through a county agent. I don't mean that this work should take the place of the work being done by the County Farm Bureau.

Take, for example, one community I have in mind. A single bank in that community has organized a Farmers' Club. While this club has certain definite farm helps in mind and performs these helps effectively, most of the meetings of the club are educational. The president of the bank secures speakers from various industries that are of general interest to everyone in the community.

For example, he recently had speakers from a certain electrical concern, who talked about the application of electricity to all sorts of domestic uses. This banker has been conducting this work for something over two years, and has found that this sort of an organization, which combines social, educational, and business interests of the farmer and the banker, is extremely effective.

Just briefly, there are several other types of service that could be performed by such an agent. He could help the farmers of the community work out a borrowing schedule. This is probably entirely unknown in most communities.

He could help almost everyone in the community work out a saving schedule, and this, of course, would be of extreme benefit to every depositor

and would have a definite effect on the business of the banks in the community.

He could serve as an investment counselor. By keeping a record of the various investment opportunities handled by the banks in the community, he would be prepared to talk intelligently about different types of investments. It would be his duty, not to refer the customer to any particular bank, but to find out the name of the bank dealt with and to talk about securities handled by that bank.

The farmers would be much more likely to talk over their investment plans with a neutral agent of this sort than they would with a banker them-

selves. However, such an investment counselor would undoubtedly tend to teach the customers to go to their own banker in the future for investment advice.

He might serve as an adviser on the selling of farm crops, although this, of course, would have to be handled very diplomatically.

He might serve as an exchange for helping dispose of high class live stock and seeds raised in the county.

An active man in a position of this sort would figure out a hundred other kinds of service, but I think these are enough to show the possibilities of such a position.



Corn-Belt Credit Conditions

By Ivan Wright

Department of Economics, University of Illinois

DO the bankers back the farmers in their present situation in the grain belt? Recently letters were sent out to bankers throughout the State of Illinois, and of 175 replies the *Prairie Farmer* shows the following conditions to exist:

Eighty report that the bankers are not forcing farmers to sell grain to pay off their notes but are as liberal as possible where the security is good.

Seventy banks have taken care of all necessary loans for buying equipment, seed, and supplies this spring.

Thirteen banks have asked farmers to pay part of their loans but are not requiring payment in full.

Twelve banks are refusing new loans to farmers for any purpose.

Upon a personal inquiry at sixteen banks in three counties in central Illinois it was observed that the negotiable note seems to be the only credit instrument used with farmers. The notes are divided into one and two name paper. The one name paper being mainly the instruments of the landowners, and

the two name paper is the instrument of the tenant classes. Of course the landowners enjoy the best credit privileges. Some of the banks in communities where 80 per cent. or more of the farmers are tenants had made less than two per cent. of their aggregate short-term loans to tenant farmers and none placed the estimate above five to eight per cent.

In general bankers and farmers cooperate in the agricultural states because the success of one determines the success of the other, and the farmer could dispense with the banker's service a little easier than the banker could do without the farmer customer. For example one national bank in central Illinois has about two million dollars in farmers' short-term loans and nearly two and a half million in farmers' deposits. This bank has never found it necessary to rediscount any paper, and it hopes to pull through the present crisis. However, it was obvious from the survey that bankers do

not know enough about the farmer's business and what he does with his credit. Also, the farmer is wholly uninformed as to the bank's economic function and its obligation to the rest of society. I doubt if any other two classes of business men depending so much upon each other know so little about each other's business and function as the country banker and the farmer. It was evident from the answers of the different bankers that they have a very imperfect knowledge of the farmer's business. Such being the case, the making of loans for productive use is not always an easy matter. The farmer's reputation and his ability to pay as measured by his real property are too often the basis of loans. Most of the bankers have the impression that more knowledge of the farmer's business would have resulted in a more intelligent extension of credit the past year, and hence less "frozen" credit now in the bank coffers.

The farmer, on the other hand, is curiously interested and needs to understand the banker's position and function. It is the banker's duty to assist the farmer in understanding the function and purpose of banking. In

Illinois this is being admirably done. There is now a series of ten meetings scheduled for various points in the state for bankers, farmers, and local business men. Among the topics for discussion is "The Other Man's Viewpoint." A banker, farmer, and a business man is on each program. After the formal program a general discussion of banking problems will be opened.

This sort of local cooperation is educational and very practical for the whole community. In the rural community the prosperity of the farmer is the barometer of the prosperity of the merchant and the banker. The greater the savings of the agricultural class the greater will be the bank deposits in the local bank, and the quicker the merchant can turn his goods. Farmers can not buy unless they have the means to buy with, and merchants can not sell unless the community has buying power in the form of money and liquid credit. When the community is not buying and the merchant is not selling the banker's deposits fall off and his outstanding credit becomes "frozen", and all the business factors in the community are in a state of depression.



"Should Banks Sell Investment Securities?"

Article in June Number Attracts Interest and Comment
From Banks in all Parts of the Country

THE article in the June number of THE BANKERS MAGAZINE entitled "Should Banks Sell Investment Securities?" has aroused widespread interest. We quote from a few of the letters recently received by THE EDITOR on this subject. A Chicago banker writes:

My individual opinion about banks selling investments is that it is as much a function of a modern bank as loaning money on securities and accepting deposits.

Any bank which does not provide this

convenience for its customers is likely to divert from itself all the other bank interests which the customer may have.

The president of a large Western bank believes that it is proper for commercial banks to sell investment securities, but warns banks against entering into this class of business without sufficient facilities, he says:

One aspect of the answers to the questionnaire rather disturbs me. Too many bankers seem to feel that every man in the business has an innate and inalienable

faculty for picking out investments and recommending them to his customers. Therefore, since the field is ripe, why not peddle some bonds? •

This tendency is loaded with danger. The best commercial banker in the business may have no real capacity for judging bonds or passing on investments. They represent a distinct specialty. The bank men who take up this sideline and put the good name or their house behind their sales—and it is almost wicked to sell investments unless the bank does assume a moral responsibility for its recommendations—are going to see some rough sledding before the present cycle of bond flotations comes to an end. The doctrine of *caveat emptor* may be invoked but the disillusioned customer will not stand for it.

Unless a bank takes up investment business seriously and permanently, it had better stick to discounts. If it is prepared to handle securities with hard work and integrity, and a determination to be a real investment house, and not a messenger boy filling orders, good luck to it.

Another banker writes from San Francisco:

There is no doubt but that this is a new and fertile field for banks. Of course, quite a few banks have already established bond departments and perhaps, in many cases, these departments are very lucrative from the standpoints of income and profits.

However, there is a necessity of extreme conservatism by the bank that sells its own securities and those issues from which it enjoys a substantial or a fair profit. It would, no doubt, reflect upon the bank—should the bank be so unfortunate as to have sold some securities as its own which later turned out as a poor investment on the part of the buyer—and investments bought by the buyer on the recommendation of the banker. Such experiences, however, would no doubt, seriously affect the bank's standing as a conservative bank. Therefore, it would be necessary for the bank to be extremely cautious regarding the bonds that it sells or investments that it recommends to its customers.

It is different where a bank only recommends securities which it does not own and which it purchases on the stock exchange. Perhaps a better or more expedient manner in which to handle the sale of securities, would be for the bank to organize a new company which would be organized principally for the purpose of selling its own se-

curities. This would, no doubt, be the cleaner cut way, and would also, to a large extent, overcome the objections previously mentioned. I think, however, that there is, no doubt, a large field for the sale of investment securities.

Another banker writes:

Even though banks have not a bond department, they can, nevertheless in their advertising, educate prospective investors by recommending securities and therefore, perhaps also obtain new business through another channel, namely by getting the accounts of bond houses and brokers.

There is no doubt that THE BANKERS MAGAZINE is doing good constructive work for the banks and bankers of the United States—and they are to be commended for the timely and up-to-date subjects that they discuss.

In closing, we might answer your questions as mentioned in the article sent to us:

No. 1.—Yes.

No. 2.—We have a regular department that takes care of items referred to in No. 1.

No. 3.—Decidedly yes.

No. 4.—Yes, except that we do not underwrite issues whereby we obtain a profit on the bonds sold.

No. 5.—Do not believe that it will affect deposits any more than if we have no bond department—whereby people can purchase securities—but that on the contrary it will be of considerable assistance to the depositors from the standpoint of service by having such a department which we believe in the present day is essential and necessary for a bank that desires to give complete service.

A Southern banker writes:

Our bank is especially favorable to the handling of securities by banks, believing that it is an asset in building both the bank and the community.

Of course, in a company of this kind it is necessary that they handle high-class securities and that a man thoroughly trained in the investment business be placed in charge, in order that the handling of such business may reflect credit upon the national bank.

Our company has been running for a year and has not only been very successful in establishing itself with the public, but has earned a very satisfactory profit indeed which, of course, supplements the earnings of the national bank.



The Bank Credit Investigator*

By Russell F. Prudden

(This is the third of a series of articles by Mr. Prudden covering this important subject.—THE EDITOR.)

VARIOUS methods of indexing and filing credit information were discussed in last month's article and some idea was also given as to the different kinds of agency reports commonly used and the valuable information which is often thus obtainable. Particular mention was made of the necessity of immediately obtaining an agency report of one kind or another when an inquiry is received and when it is found that little or no data is on file regarding the name in question. We shall therefore assume that an investigation is about to be made and that the investigator has received an agency report, obtaining therefrom a general idea of the type of business being transacted and other details of importance. Before he can intelligently proceed with the investigation, however, or at least before the credit risk can be properly passed upon, it is very important for him to understand how to analyze a financial statement in an intelligent manner. Some remarks along this line with particular emphasis on a knowledge of accounting will therefore be made at this time.

Where a name under consideration is one of the bank's own borrowing accounts, the company itself undoubtedly will have furnished the bank with its latest available statement, as well as full operating details for the preceding year. On the other hand, where the name is unknown to the bank from the standpoint of having an up-to-date credit folder, it may be found that the agency report will include a statement, or, in the case of a commercial paper name, the note broker will of course furnish the investigator with a copy of the recent statement. Regardless of the source of such figures, it is quite plain that the investigator should have a knowledge of their meaning and the

ability thus to form some kind of an opinion as to the concern's financial position, before going out to interview bankers and business men.

One of the first essentials in analyzing a financial statement is a knowledge of accounting. Not only is this knowledge necessary for analytical purposes, but a credit man is often called upon to visit a customer's establishment and in some cases to go over the books and records. Should he have no idea whatever of accounting methods and the meaning of the various terms in use, he would be placed in an awkward position and his visit would probably result in the gathering of but little or no information of value.

The so-called "ideal" investigator, as described in the first article of this series, was found to be one having a high school or college education. Such an education sometimes covers accounting and financial subjects but quite often the graduate is proficient merely along classical lines. This classical training has given him breadth as well as the ability to think and reason, and from that view point is indeed most valuable. However, more specific and practical knowledge along financial lines is very essential and the graduate or bank clerk who is about to take up bank credit work should as soon as possible obtain at least an elementary knowledge of accounting.

This article is written therefore for the benefit of such young men, and is not intended to cover the theory and practice of accounting to any extent; nor would it be of particular interest to any one having had practical experience. The field of accounting is a very broad one and many years of study and practical experience are necessary to acquire a thorough knowledge of the subject; and, in a short article one can only touch upon accounting princi-

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ples in a most elementary manner. The man who is beginning credit work without a knowledge of this very essential phase of the subject is therefore strongly urged to take up at least a short course of study of accounting methods. Nearly every city of any size has a business school and in many of our larger cities the local universities and colleges offer excellent day and evening courses along accounting lines. Should such a course be unavailable, however, some of the correspondence schools provide very good opportunities for the acquiring of a knowledge of this subject. In the present article an attempt will be made merely to show the various steps necessary to the preparation of a financial statement, or so-called Balance Sheet, with special emphasis on the Profit and Loss Statement. For the purposes of illustration the following practical problem will be discussed.

A. B. Jones and C. D. Brown on January 1, 1919 decide to form a partnership and manufacture clothing, the business to be operated under the firm name of Jones & Brown. A firm or partnership has been defined as a joint undertaking by individuals, or in other words it is a relation created by contract between two or more persons to place their money, effects, credit, labor, or skill, in lawful business, and to divide the profits between them. Partnerships are most common in mercantile undertakings of moderate size, small manufacturing establishments and in the professions. As such a relationship can be formed only by contract, it is always well to have an agreement in writing, covering the full terms of the partnership, such as length of existence, division of profits and the rights and obligations of the partners. Mr. Brown has been in the clothing manufacturing business for the past ten years and will turn over to the firm of Jones & Brown certain assets which he has on hand, while Mr. Jones will contribute an equal amount of cash and Liberty bonds. The partners are to share equally in the profits and losses.

As a business organization has now

been formed it will be necessary for the partners to establish and maintain a systematic set of records. The keeping of such records is commonly known as bookkeeping, and the principal purposes are to set forth all transactions so as to disclose the position of the business at any time and to measure its progress. Before mentioning the various book entries necessitated by the contributions of the partners to their new enterprise, a short discussion of some of the elementary principles of bookkeeping or accounting procedure may be of interest at this time. The books and records of nearly every business concern, except those of the very smallest ones or those of certain professional men and individuals, are maintained by what is known as the double entry system. The theory of double entry is that there shall be a debit for every credit, and if this rule is strictly adhered to, the total of the debit entries will at all times equal that of the credit entries. In other words, somewhat of a check on the correctness of the books from the standpoint of a proper balance is thus maintained. Although there are many subdivisions to and various kinds of books of record, depending on the size and nature of the business, the most commonly known book of original record is the journal or day book, and it is from this book that the various original entries are posted or transferred later to what are called the individual ledger accounts, which are kept in a book known as the ledger.

The making of proper and accurate journal entries requires some little experience and training, but a very well known rule used by accountants, which is quite infallible and well worth remembering, is the following: "Debit what comes into the business or costs the business value; credit what goes out of the business or produces value." This rule may sound somewhat complicated and contradictory at first reading but it is nevertheless true that there is hardly a transaction which will arise that can not be properly entered on the books by the application of the rule.

As an illustration, let us consider the proper entry covering the purchase of a bill of merchandise which has been paid for in cash. By following the rule, the merchandise which comes into the business is debited and the cash which goes out is credited. The term merchandise, however, is a broadly used one and covers both purchases and sales of merchandise, and in general business practice the use of the captions "Purchases" and "Sales", as separate accounts, is more commonly employed. Should some of this merchandise later be sold for cash the entry would be just the reverse, namely, the cash account would then be debited and the merchandise, or more properly the sales account, credited. As a further illustration, let us consider the matter of wages or similar expenses. By following the above rule, wages would be debited as they cost the business value, and the cash which goes out of the business would be credited.

Returning to the problem which is under consideration, we are informed that the partners' contributions are as follows:

Mr. Brown

Land and buildings.....	\$10,000
Machinery and equipment.....	7,000
Raw material.....	20,000
Finished goods.....	8,000
Furniture and fixtures.....	1,000
	<hr/>
	\$46,000

Mr. Jones

Cash.....	\$40,000
Liberty bonds, face value.....	6,000
	<hr/>
	\$46,000

Following the rule of debit and credit, every item furnished by the partners is to be debited, as it is these items which are coming into the business and are to be its assets, and each partner is to be credited with the total amount of his investment. On the basis of these figures, the total partnership net worth, by which is meant the actual net asset position of a business, is \$92,000. This amount is owing to the partners by the business and is hence credited to the partners' ac-

counts. In other words, the net worth is a liability owing by the business to certain persons and these persons are the partners who have invested their property and cash in the business.

The journal entries which would be necessary to set forth the transactions in question would be as follows:

January 1, 1919

	Debit	Credit
Land and building.....	\$10,000	—
Machinery and equipment.....	7,000	—
Raw material.....	20,000	—
Finished goods.....	8,000	—
Furniture and fixtures.....	1,000	—
C. D. Brown, present worth.....		46,000
Cash.....	40,000	—
Liberty bonds.....	6,000	—
A. B. Jones, present worth.....		46,000

These entries would later be posted or transferred to the individual ledger accounts.

The business of Jones & Brown was carried on during the year 1919 and the following is a summary of the business transactions. The numerous and detailed journal entries are not set forth but merely the totals of the many transactions are mentioned:

Cloth purchased.....	\$240,000
Wages paid.....	250,000
Miscellaneous supplies and factory expenses.....	5,000
Insurance.....	1,000
Interest paid on loan.....	4,000
Partners' salaries.....	10,000
Selling expense including advertis- ing, commissions, etc.....	85,000
General office expenses.....	1,500
Money borrowed at bank March 1st, 1919 and still owing.....	80,000
Sales for year.....	520,000
Of this amount \$100,000 remains due, as follows:	
Accounts receivable.....	\$95,000
Notes receivable.....	5,000
Accounts payable.....	25,000
Interest on Liberty bonds.....	240

It will of course be understood that all of the above figures, that is, the original entries, have been currently posted during the year to the ledger in the respective ledger accounts. As an illustration of a ledger account, Exhibit No. 1 represents the various cash transactions which have occurred and been posted during the year:

CASH ACCOUNT

Cash Debits or Amounts Received		Cash Credits or Amounts Paid	
Mr. Jones	\$40,000	Cloth Purchased	\$215,000
Borrowed at bank	80,000	Wages	250,000
Sales	420,000	Miscellaneous supplies	5,000
Interest on Liberty bonds	240	Insurance	1,000
		Interest	4,000
		Partners' salaries	10,000
		Selling expense	35,000
		Office expense	1,500
		Debit cash balance as of December	
		31, 1919	18,740
	<u>\$540,240</u>		<u>\$540,240</u>
Balance brought down	\$18,740		

Exhibit No. 1

When it is desired to close a set of books either at the end of the year or at any given time, the first step in the process is to take a trial balance of the concern's books. A trial balance may be described as merely a list of the respective debit or credit balances, as the case may be, of all the various ledger accounts which remain open at the time. The total of all of these debit balances must equal the total of the credit balances. If this be the case, it is proof that the principle of double entry bookkeeping has been carried out, and as stated previously, the principle or theory is that for every debit there must be a corresponding credit.

We have seen from the foregoing illustration how an individual ledger account is compiled and have noted that the cash account under consideration reveals a debit balance of \$18,740. All of the other ledger accounts which came about as a result of the many transactions of the year have likewise been closed and balances ascertained, and a trial balance of these accounts, prepared on December 31, 1919, would appear as illustrated in Exhibit 2.

The next step in the accounting procedure preparatory to closing the books and making the Profit and Loss Statement and the Balance Sheet, is the taking of an inventory of the stock on hand, covering both raw materials and finished goods. Such an inventory is usually taken by the employees on a certain day or during a number of days, and the resulting figures cover

the exact amount of goods on hand. Some concerns keep what is known as a perpetual or book inventory and can tell therefrom at any time the amount of goods on hand. While such a system is of advantage in certain lines of business, the figures arrived at by taking an actual physical inventory on a definite date are often more accurate and reliable. Unless, however, such an inventory has been carefully taken and the proper valuations placed on each article or group of articles, the earnings for the year can not be determined with any degree of accuracy. The most conservative practice in valuing the inventory for Balance Sheet purposes is to arbitrarily set the value

JONES & BROWN
TRIAL BALANCE
December 31, 1919

	Debit	Credit
Cash	\$18,740	
Liberty bonds	6,000	
Accounts receivable	95,000	
Notes receivable	5,000	
Land and buildings	10,000	
Machinery and equipment	7,000	
Furniture and fixtures	1,000	
Finished stock	8,000	
Raw material	20,000	
Purchases	240,000	
Wages	250,000	
Miscellaneous supplies	5,000	
Insurance	1,000	
Interest	3,760	
Partners' salaries	10,000	
Selling expense	35,000	
General office expense	1,500	
Sales		\$520,000
Notes payable (at bank)		80,000
Accounts payable		25,000
A. B. Jones present worth		46,000
C. D. Brown present worth		46,000
	<u>\$717,000</u>	<u>\$717,000</u>

Exhibit No. 2

at either cost or market whichever is lower. Some bankers believe that the firm of certified public accountants which is hired to go over the concern's books and to audit its statement should take the inventory. This practice may sound ideal in theory but it is very seldom followed out, not only due to lack of time on the part of the accountants but due to the fact that accountants are rarely familiar with merchandise values and consequently are not in a position to count and price goods in as quick and intelligent a manner as can the concern's own employees.

It is also argued by those who have given the subject considerable thought, that if it were the duty of the accountants to take an inventory, it would relieve the officials of the concern of that responsibility, and in such a case the banker would be weakening the moral hold on the client. Such a man knows many things about his merchandise which he is bound to disclose when he makes an inventory, but should he no longer have the responsibility of taking the inventory he would probably not enlighten the accountants as to these facts. Certified accountants are, however, generally desirous of proving an inventory by making certain tests, and after a series of these tests they can fairly well judge whether the inventory has been taken in an accurate and painstaking manner. It is not only the duty of the accountants to make such tests and thus prove the inventory figure, but it is also their duty to in some way bring to the attention of interested parties the existence of any obligations or commitments for merchandise, which are not entered on the Balance Sheet, yet which may involve possible loss. Returning to the problem which is under discussion we find that the inventory has been taken and that the Finished Goods on December 31, 1919, amounted to \$52,000 and the Raw Material \$78,000.

Continuing with the process of closing the books, it is necessary that a number of adjusting entries be made and posted, so that a true condition of

the concern's affairs may be set forth. Such entries cover the setting up of certain reserves as well as prepaid and accrued items which pertain to the interval in question. The first of these has to do with the item of accounts receivable, representing merchandise sold on credit, and it is necessary for the firm to decide as to what percentage of this item should be set up as a reserve against possible non-payment. This percentage varies in different lines of business, depending largely upon past experience and the efficiency of the firm's credit department in choosing proper risks. In this problem it has been decided to set up a reserve of one per cent. of the \$95,000 of outstanding accounts receivable, or \$950. This is done by charging or debiting a newly made account known as the Profit and Loss Account and by making a corresponding credit to a "Reserve for Bad Debts" account.

It is likewise customary to provide reserves against depreciation on buildings, machinery and equipment, furniture and fixtures, et cetera, to cover eventual loss occasioned by wear and tear, old age and obsolescence, and conservative business men set up reserves irrespective of repairs which may have been made during the year. Instead of writing down or reducing the property accounts from year to year, a better plan of entering depreciation on the books is to set up a "Reserve for Depreciation." This account is credited each year with the amount to be written off, while a corresponding charge or debit is made to Profit and Loss, which is a regular ledger account. By following this method the property accounts remain on the books at cost value and the corresponding reserve accounts stand as an open credit, and one can then tell at any time, therefore, the property values at cost price and the amount of reserve set up against them. Many books and articles have been written on depreciation, but in the final analysis the amount to be set up as a reserve is usually based on individual opinion, which in turn is arrived at by dividing the estimated

JONES & BROWN
PROFIT AND LOSS STATEMENT
December 31, 1919

Sales			\$520,000
Inventory January 1, 1919.....	28,000		
Purchases	240,000		
	268,000		
Inventory December 31, 1919.....	130,000		
Cost of material in sales.....		138,000	
<i>Manufacturing Expenses</i>			
Wages	250,000		
Accrued wages	2,000		
Factory exp. and miscellaneous supplies	5,000		
Insurance	500		
Interest	4,000		
Reserve for depreciation.....	1,800	263,300	401,300
Gross profit			118,700
<i>Selling Expenses</i>			
Salesmen's salaries	8,000		
Salesmen's commissions	20,000		
Advertising	5,000		
Traveling expenses	2,000	35,000	
<i>Administration Expenses</i>			
Partners' salaries	10,000		
Office expenses	1,500		
Reserve for bad debts.....	950	12,450	47,450
Net operating profit.....			71,250
Add			
Income from other sources:			
Interest on Liberty bonds.....			240
Total net income.....			\$71,490

Exhibit No. 3

life of the assets in years into 100 per cent. For sake of example—take the case of a machine costing \$10,000 estimated to last ten years. By dividing ten into 100 per cent we obtain the figure of 10 per cent. to be charged off annually. In the present case it has been decided to charge off 10 per cent. for depreciation each year on the various items in question, totaling \$18,000, or in other words to set up a reserve for depreciation of \$1,800. In practice, however, there would be a separate reserve account set up to provide for depreciation on each class of property account, and the rate to be charged off would probably differ in each case. For sake of simplicity we are grouping all depreciation reserves under the one caption, which represents a reduction

in the profits for the year, and will later be included among the manufacturing expenses of the year in the Profit and Loss Statement.

Continuing with the adjusting entries, we find that at the time of closing the books, which was on Wednesday, December 31, 1919, there were four days' wages due employees. As the week will not be up until the following Saturday, January 3, which is pay day, it is necessary to take into consideration accrued wages for the four days amounting to \$2,000. This accrued item must also be considered a liability because it is an obligation of the year 1919. The necessary journal entry will be that of debiting wages account and crediting accrued wages.

Insurance is usually paid for several

years in advance and in this problem the \$1,000 paid was for a period of two years, one year of which has expired. This would leave \$500 as unused insurance which would appear in the 1919 Balance Sheet as a prepaid asset. In other words, only one-half of the total amount paid can be considered an expense for the year 1919.

Assuming that all of the proper adjusting entries have been made in the Journal covering the transactions in question, and that all of the nominal accounts, such as wages, general office expense, sales, et cetera, have been closed by making corresponding debit or credit journal entries to the Profit and Loss Account, the bookkeeper or accountant is now ready to make a Profit and Loss Statement from which can be ascertained the profit or loss made by the firm during the year. Exhibit No. 3 shows the usual form followed in accounting procedure, and each item in this statement when considered in connection with the foregoing remarks should be self-explanatory.

The reader can see from the Profit and Loss Statement that the two sources of income in this business are from the sales and interest on investments, the deductions being expense items. It is from the Profit and Loss Statement that the concern's operating details, such as sales, net income, et cetera, are obtained, and not from the final Balance Sheet as so many students of credit are at first inclined to believe.

We have now reached the point in the closing of the books where a Balance Sheet, or financial statement, can be prepared. A Balance Sheet has been defined as a statement of the assets and liabilities of a business at a given time, representing the financial accounts of the business remaining open on the ledger after the books have been closed. In other words, all of the nominal accounts representing income and expenses, have been closed and the result of the year's operations has been reduced or "boiled down" to one definite figure. The only accounts remaining open therefore and appearing in the

Balance Sheet, are actual asset and liability accounts, commonly called financial accounts.

By referring to the Balance Sheet of Jones & Brown which will now be submitted, it will be noted that the various items as shown in the Profit and Loss Statement have been eliminated by reducing them to the final figure of \$71,490, the net profit for the year. This figure in turn has been added to the original net worth of \$92,000, making a total net worth of \$163,490 which is set forth in the liability side of the Balance Sheet. It is a liability as it is the amount the business now owes the two partners.

JONES & BROWN

BALANCE SHEET

December 31, 1919

ASSETS

Cash	\$18,740
Liberty bonds	6,000
Accounts receivable	95,000
Notes receivable	5,000
Raw material	78,000
Finished goods	52,000
Land and buildings	10,000
Machinery and equipment	7,000
Furniture and fixtures	1,000
Prepaid insurance	500
	\$273,240

LIABILITIES

Accounts payable	25,000
Notes payable	80,000
Accrued wages	2,000
Reserve for depreciation	1,800
Reserve for bad debts	950
Present net worth	
A. B. Jones	81,745
C. D. Brown	81,745
	163,490
	\$273,240

Referring to the reserve items among the liabilities in the Balance Sheet, it has previously been explained that the property and reserve items are usually carried separately on the books, so that one may tell at a glance the actual cost of the asset and the amount of reserve carried against it. When making up a Balance Sheet, however, it is quite proper to deduct the reserve from the property, with explanatory notations, and had this been done in the present

case, the two reserve items on the liability side of the statement would be lacking, and the total resources of \$273,240 reduced to \$270,490.

Partnerships as such are not subject to the payment of income taxes, but the members must file individual returns, setting forth their proportion of any profits derived from the business. It is not necessary therefore for a firm to set upon a reserve for income tax payments, but it is very essential in the case of a corporation, such an item being considered a very quick liability.

The business of Jones & Brown, as we have seen, has been very profitable for the year and in fact it has grown to such proportions as to make it advisable to incorporate for the purpose of better handling the increased business.

A corporation has been described as a legal body existing by virtue of a charter or articles of incorporation, granted or approved by a state. As a general rule, most states require that there be three or more incorporators, and the application for charter is usually addressed to the Secretary of State or some designated official. The application should include the name of the proposed corporation, its purpose, length of time to exist, principal place of business, amount of capital stock and names and addresses of subscribers to the stock, with the amounts subscribed by each. There are also other requirements to be complied with according to the particular state.

A corporation has only such powers as are conferred on it by its charter, either expressed or implied, and it is also regulated by its by-laws which are the fundamental private regulations by which it is governed. A corporation has the power to make by-laws for its own government if they are not inconsistent with its charter or the laws of the state or land. The by-laws are usually adopted at the first meeting of the stockholders and the consent of a majority of the stockholders is usually necessary for their adoption or for a subsequent change in these regulations.

The corporation as a form of business enterprise is superior in many ways to that of the partnership which may be formed in a simple informal manner, or which may sometimes exist by implication without the actual intention of the parties. The formation of a corporation, on the other hand, requires voluntary action and deliberate intention, and the incorporators must comply with certain definite statutes.

The more important advantages of the corporate over the partnership form of organization are briefly the following:

1. The stockholders' limited personal liability where the stock has been paid in full. In most cases the liability is limited to the par value of the stock subscribed, but in certain states a greater liability is imposed. In California, for example, stockholders in certain corporations are responsible on a pro rata basis for the liabilities, which in effect constitutes unlimited liability. On the other hand, the Texas statutes favor local corporations, in the case of bankruptcy, to a somewhat marked degree. As a matter of interest, stockholders of national banks are subject to double liability.

2. The relative permanence and stability of the corporation as a form of business organization. Most corporations are formed to carry out well defined plans and certain express powers are enumerated in both charter and by-laws. The management is vested in directors acting through officers and agents and it is their duty to act in accordance with these regulations. The corporate organization is therefore more suitable to large investments of capital in fixed form.

3. The ability to transfer shares of stock representing ownership in the corporation. Subject to certain market conditions, an investor can easily secure shares of stock in any corporation which is not a close one, or a stockholder can easily dispose of his holdings, and the affairs of the corporation are not, as a rule, jeopardized by this change of ownership.

4. The opportunity of participation and ownership by people of small means. Comparatively speaking, few persons have the ability or means to assume a partnership in a business concern, yet the stock lists of many of our prominent industries reveal the names of thousands of small holders. In the case of most listed issues, a purchase of a one share lot may be negotiated as easily as the usual one hundred share order. Because of this public interest and the convenient method of representing ownership interests by stock, there is greater ease in securing capital under the corporate form of organization.

While it can be understood from the foregoing that the corporation is undoubtedly the most attractive form of business organization, the reader should not get the impression that it is an infallible cure for all evils or a sure prevention for loss. The human element enters into the management of a corporation as well as any other form of organization, and lack of ability and farsightedness will not tend toward success in any kind of organization. It must also be remembered that corporations are sometimes restricted and burdened by state and federal statutes, which often seem to be more stringent in the case of corporations.

The advantages of the corporate form of organization far outweigh those of the partnership and in this connection a few of the more pronounced disadvantages of the latter might be mentioned at this time.

1. Liability of a partner for all obligations contracted by firm, or by any member of the firm, in the ordinary course of business.

2. Dissolution of partnership upon the retirement of any member.

3. Dissolution of partnership because of death or insolvency of any partner.

4. Necessity for consent of all parties in order to admit a new partner.

5. Inability to obtain capital in the case of large undertakings, or to get cooperation of large numbers of persons.

In view of the many disadvantages of the partnership form of organization, Jones & Brown decided to form a corporation on January 1, 1920 to be known as The Broadway Clothing Company. This company is to have a capitalization of \$300,000, and of this amount \$200,000 will be common stock, par value \$100 a share, the balance of \$100,000 to be 7 per cent. cumulative preferred stock with a par value of \$100. Messrs. Jones and Brown turn over their entire business as represented by the partnership statement of December 31, 1919, or in other words, they turn in a net worth of \$163,490 for which they receive \$200,000 of common stock, the difference in the amounts being considered and included as an item of Good Will, which they believe to be only fair in view of the reputation they have built up during their year in business. Good Will has been defined by a prominent accountant as invariably being the difference between the true value of the assets taken over and the value placed upon them by the directors of the corporation, or in other words, good will is an offset to over capitalization of the tangible assets.

Of the amount of common stock received by Messrs. Jones & Brown, namely one thousand shares each, twenty shares were turned over to Mrs. Jones and twenty shares to Mr. Brown's son, and both parties were named as incorporators in order to comply with the legal provisions of the state law requiring more than two incorporators.

In order to raise quickly additional working capital, which is needed for the operation of the business on a larger scale, the authorized issue of preferred stock has been sold to an investment house at 95. The book or journal entry covering this transaction is:

<i>Debit</i>	
Cash _____	\$95,000
Discount on preferred stock _____	5,000
<i>Credit</i>	
Preferred stock _____	100,000

In explanation of this entry, cash is

debited because it comes into the business and discount on preferred stock is also debited as it costs the business value. Preferred stock, on the other hand, is credited as it is a liability of the business and represents the proportion of the business or assets which is owing to that class of stockholders.

The new company has also purchased an adjacent building valued at \$125,000 for the purpose of enlarging the plant. A bond issue of \$100,000 having been authorized it is decided to dispose of the bonds through the same investment house which has offered a price of 101. These bonds are first mortgage bonds, bear 6 per cent. interest and are payable in twenty years. The book entries to provide for this transaction are:

<i>Debit</i>	
Cash	\$101,000
<i>Credit</i>	
Bond issue	\$100,000
Premium on bonds.....	1,000
<i>Debit</i>	
Land and buildings.....	\$125,000
<i>Credit</i>	
Cash	125,000

In order to give a better understanding of the various changes which have taken place in the transformation of the partnership to a corporation, a *revised* Balance Sheet as of January 1, 1920, giving effect to the increased property holdings and the new financing, is submitted:

—THE—
BROADWAY CLOTHING COMPANY
BALANCE SHEET
January 1, 1920

ASSETS	
Cash	\$89,740
Liberty bonds	6,000
Accounts receivable	95,000
Notes receivable	5,000
Raw material	78,000
Finished goods	52,000
Land and buildings.....	135,000
Machinery and equipment.....	7,000
Furniture and fixtures.....	1,000
Prepaid insurance	500
Discount on preferred stock.....	5,000
Good Will	36,510
	<hr/> \$510,750

LIABILITIES

Accounts payable	\$25,000
Notes payable	80,000
Wages accrued	2,000
Reserve for depreciation.....	1,800
Reserve for bad debts.....	950
Preferred stock	100,000
Common stock	200,000
Bonds	100,000
Premium on bonds	1,000
	<hr/> \$510,750

Continuing with this problem we find that during the year 1920 the business was successfully operated and the Profit and Loss Statement shown in Exhibit No. 4 was submitted for the fiscal year ending December 31, 1920. The trial balance and necessary closing entries have been omitted, however, as they are merely a part of accounting procedure and similar ones have been explained previously in some detail.

The Profit and Loss Statement, as a whole, is not often submitted by a company to its brokers or bankers, the operating details in conjunction with the final Balance Sheet being regarded as sufficient data. The figures usually given out are as follows:

Sales	\$1,200,000
Net profit	120,850
Net income	121,090
Reserve for taxes.....	20,000
Reserve for depreciation on buildings and machinery.....	18,200
Reserve for bad debts.....	2,250
Merchandise taken at cost or market, whichever lower.	

In order to understand how the final Balance Sheet figures come about it may be noted that during the year new machinery was purchased for \$40,000 and additional furniture and fixtures costing \$1,000. The item of \$5,000 covering Discount on Sale of Preferred Stock represents a loss and the \$1,000 Premium on Bond Sale, a gain. These were closed out into the Profit and Loss account on the books, and on the Profit and Loss Statement represented a net loss of \$4,000 which eventually will be reflected in the surplus account.

As in the case of the partnership, after a trial balance has been taken and the Profit and Loss Statement made up, a Balance Sheet is prepared.

THE BROADWAY CLOTHING COMPANY
PROFIT AND LOSS STATEMENT

December 31, 1920

Sales for year			\$1,200,000
Inventory January 1, 1920.....	130,000		
Purchases	480,000		
	610,000		
Inventory December 31, 1920.....	313,000		
Cost of material in sales.....		297,000	
<i>Manufacturing Expenses</i>			
Wages	600,000		
Wages accrued	7,000		
Factory exp. and miscellaneous supplies	12,000		
Insurance	1,500		
Interest	12,000		
Reserve for dep. buildings.....	13,500		
Reserve for dep. machinery.....	4,700		
Reserve for dep. furniture and fixtures	200	650,900	947,900
Gross profit			252,100
<i>Selling Expenses</i>			
Salesmen's salaries	15,000		
Commissions	42,000		
Travelling expenses	3,000		
Advertising	10,000	70,000	
<i>Administration Expenses</i>			
Reserve for taxes.....	20,000		
Executive salaries	30,000		
Directors' fees	1,000		
Office expenses	4,000		
Discount on sale of securities.....	4,000		
Reserve for bad debts.....	2,250	61,250	131,250
Net operating profit.....			120,850
Add Other Income:			
Interest on Liberty bonds.....			240
Total net income.....			\$121,090

Exhibit No. 4

Exhibit No. 5 on the following page is the Balance Sheet for the Broadway Clothing Company covering the year in question.

At a meeting of the board of directors held sixty days after the close of the year the annual 7 per cent. dividend on the preferred stock, amounting to \$7,000 was declared. Also a 6 per cent. cash dividend was declared on the common stock, making a total dividend disbursement of \$19,000 to be paid in 1921, from earnings of the preceding year. The payment of this amount would in reality reduce the surplus to \$102,090.

In the case of the partnership of Jones & Brown it was previously explained that the net worth was the excess of assets over the liabilities, which figure represented the ownership interests in the business. In a corporation, the net worth is represented by the total of capital, surplus and special reserves for contingencies, but this figure is of course subject to the deduction of the Good Will item which is an intangible asset.

The commercial paper broker and bankers having the account would be informed of course of all dividend declarations, and they would include

—THE—
BROADWAY CLOTHING COMPANY

BALANCE SHEET
December 31, 1920

ASSETS	
Cash	\$46,980
Liberty bonds	6,000
Accounts receivable	225,000
Notes receivable	15,000
Raw material	163,000
Finished goods	150,000
Land and buildings	135,000
Machinery and equipment	47,000
Furniture and fixtures	2,000
Prepaid insurance	1,000
Good Will	36,510
	\$827,490
LIABILITIES	
Accounts payable	\$56,000
Notes payable	200,000
Accrued wages	7,000
Reserve for taxes	20,000
Reserve for depreciation	20,200
Reserve for bad debts	3,200
Mortgage bonds	100,000
Capital	300,000
Surplus	121,090
	\$827,490

Exhibit No. 5

such figures with the other operating details, mention of which has already been made.

Inasmuch as the books for the year have been closed and a Balance Sheet prepared, it is very essential, at least from the bankers' standpoint, to have the records and statements audited by a firm of chartered or certified public accountants. By having such an audit the banker, as well as the directors and stockholders, can feel very sure that the figures presented to them are accurate and represent a true condition of affairs.

It is not necessary to go into detail at this time as to the various kinds of audits or the entire scope of the accountants' investigation, but it may be of interest to know that as a rule the accountants do not prepare the financial statements. The company's own employees do this and the certified accountants after going over the books, merely verify the statements. It would be very desirable to have more uniformity as to the makeup and form of statements, and this could be brought

about if all accountants were permitted to prepare statements according to some prescribed form. However, as the clients engage and pay the accountants, the latter must therefore conform their efforts to the wishes of their customers. Nevertheless, no responsible accountant will deviate from proper accounting principles in behalf of a client who may not have the proper business scruples.

An audited report is of little value to a banker unless a certificate by the accountants doing the work is appended. As previously mentioned, there are various kinds of audits and for that reason there are various kinds of certifications. It is, therefore, essential for the banker or interested party to read the certificate very carefully in order to ascertain just what kind of an audit was made, and to what conditions it may be subject. Many people seeing an auditor's name appended to a statement believe that to be sufficient and do not stop to read the certificate, which may contain important qualifications. According to a regulation of the American Institute of Accountants, covering the duties of its members "the balance sheet and certificate should be connected with the accounts in such a way to ensure that they shall be used only conjointly"; and it is also stated that the certificate should be as short and concise as possible, consistent with a correct statement of facts, and if qualifications are necessary the auditor must state them in a clear concise manner.

Assuming that a certified accountant has made a complete audit of the books and records of The Broadway Clothing Company, that the Balance Sheet and Profit and Loss Statement were found to be correct and that any minor qualifications have been fully covered by foot notes on the Balance Sheet, the following form of certificate has been suggested:

"I have audited the accounts of The Broadway Clothing Company for the period from January 1, 1920 to December 31, 1920 and I certify that the above Balance Sheet and Statement of Profit and Loss have been made in accordance with the

plan suggested and advised by the Federal Reserve Board and in my opinion set forth the financial condition of the firm at December 31, 1920 and the results of the operations for the period."

(Signed) A. B. C.

We have now discussed in some de-

tail the preparation of the Profit and Loss Statement and the Balance Sheet but as the statements as such mean nothing to a banker unless carefully studied, the methods of analyzing financial statements will be considered in the next article.



Who Should Make the Bank Examination?

Modern Duties and Liabilities of Bank Directors Place a New Importance on the Periodical Examination

By H. M. Webster, B.C.S., C.P.A.,

of H. M. Webster & Company, New York

Mr. Webster is a member of the New York State Society of Certified Public Accountants, of the American Institution of Accountants, and of the National Association of Cost Accountants. He is a professional accountant of seventeen years' experience, nine years of which were spent in the employ of prominent accountants, auditors and engineers; and seven years as a practicing Certified Public Accountant and Production Engineer. He spent one year during the war as controller and a director of a corporation created by Congress to provide housing and transportation for war workers.—*The Editor.*

SINCE by the very nature of their functions, banks are dependent upon the confidence placed in them by the public, a strong board of directors, composed of men of affairs whose character and integrity is unassailable, is necessary to the success of the bank. A huge safe and vaults governed by modern machinery have but little to do with the "safety" of the bank in the mind of the public, but a list of directors whose names are by-words for business or professional success in the community is certain to promote the confidence so necessary to the banking business.

It is an interesting commentary that, coincidental or not coincidental, the tremendous growth of banking during the past generation has gone hand in hand with the increase in the number of prominent business men upon boards of directors, business men who have not in their earlier years had any relations with the banks except as depositors and borrowers.

But as this condition has grown more general and as each individual banking corporation has grown apace, the duties and liabilities of the individual director have of necessity grown in similar fashion. Since the name of a prominent business man upon the list of directors conveys a sense of confidence to the depositors in the bank it is but reasonable to expect that the presence of that name should have more value in actual service to the depositor than the mere use of it as a testimonial. Indeed, this has been the case.

Today when a business man is elected to the board of directors of a bank, he assumes obligations so tangible that many of them are defined by law, so concrete that they are financial liabilities in case of loss.

The purpose of this article, therefore, is to emphasize some of the restrictive measures and to point out liabilities of the directors, not commonly understood, such as the liability of di-

rectors for mismanagement, degree of care required of directors, liability of directors for assenting to excessive loans.

The duties and liabilities of bank directors have been very carefully defined by the states, as to state banks and trust companies, and by the United States Government, as to national banks and members of the Federal Reserve System. The scope of the provisions in respect to these duties and liabilities covers such points as appointment and powers of directors, their number and election, term of office, qualifications, oath required of them and many measures of a restrictive nature.

The liability of directors for mismanagement will best be pointed out by citing two decisions of the United States Supreme Court. It held in the case of *Briggs v. Spaulding*, (141 U.S., 132) that "directors of a national bank must exercise ordinary care and prudence in the administration of the affairs of a bank, and this includes something more than officiating as figureheads. They are entitled under the law to commit the banking business, as defined, to their duly authorized officers, but this does not absolve them from the duty of reasonable supervision nor ought they to be permitted to be shielded from liability because of want of knowledge of wrongdoing, if that ignorance is the result of gross inattention." And, in a decision rendered June 9, 1919, *Bowman v. Hamner*, it held that "a director who had never attended a meeting during five years' connection with the bank, and who lived 200 miles from the place where the bank was located, was liable for mismanagement because he did not exercise the diligence which a prudent man would usually exercise in ascertaining the condition of the business of the bank or a reasonable control and supervision over its affairs, and that he could not be shielded from liability because of want of knowledge of wrongdoing on his part, since that ignorance was the result of gross inat-

tention in the discharge of his voluntarily assumed and sworn duty."

The above decisions are of great significance in that it absolutely compels the director to be present or else receive such reliable information at regular periods which would enable him to know the status of the affairs of his bank. He would then become cognizant of any irregularity in time to take the necessary remedial action.

In respect of the liability of directors for assenting to excessive loans, the United States Circuit Court held (*Rankin v. Cooper et al.*, 149 Fed. Rep., 1010) that "it is the duty of directors of a national bank to exercise reasonable control and supervision over its affairs, and to use ordinary care and diligence in ascertaining the condition of its business, which is such care as an ordinarily prudent and diligent man would exercise in view of all the circumstances; and that where the directors of a national bank became aware through the report of a committee of their number, and also by notices sent them individually by the comptroller of the currency, that the bank had been making excessive loans to its president and to other persons, firms and corporations with which he was associated, but took no effective steps to reduce such loans, or to prevent their increase, which continued until the bank became insolvent, they will be held jointly and severally liable for all losses which the bank sustained through subsequent transactions, and which could have been prevented by a proper discharge of their duties," and in another case, (*Witters, Receiver, etc., v. Sowles et al.*, 31 Fed. Rep., 1) it held "that under Revised Statutes, section 5200, directors of a national bank who make or assent to the making of a loan to any one person of a sum exceeding the legal limit become personally and individually liable for all loss sustained thereby; but where the borrower in such a case is also one of the directors he is not so liable but simply as a debtor to the bank."

Further, the United States Circuit Court of Appeals in *McCormick v.*

King et al., 241 Fed. Rep., 787, held that "directors responsible for excess loans were liable not only for the excess of such loans above the legal limit, but for the entire loss thereon with interest," and this case was affirmed by the Supreme Court of the United States on June 9, 1919, in *Bowerman v. Hamner*.

The foregoing violations quoted were not due to wilful neglect on the part of the directors, but to a lack of knowledge of wrongdoing. It is realized that directors of banks are usually men of affairs and cannot devote sufficient time to the task of supervision of the banks' business in its minute detail. They must of necessity rely upon the actions of others. How then can the directors protect their own interests? Obviously, the answer is: periodical examinations of the banks' affairs by certified public accountants.

EXAMINATIONS

Banks are subject to examinations from two sources, 1. State or Federal, and 2. By directors. Examinations by the state or Federal authorities are principally for the purpose of establishing the solvency of the banks and that its acts are in conformity with the statutes. Examinations by directors should include the foregoing purpose and yet cover a much wider scope. The scope of such examinations, as suggested by the comptroller of the currency, is substantially stated hereunder. It should be noted, however, that in certain respects, the program is followed by the Federal examiners to a more or less extent.

"1. *Cash*. The cash should be counted and the total compared with the books of the bank. Cash items should be carefully scrutinized, and any improper items, such as unposted checks held for the purpose of not showing overdrafts, and other items that can not be readily converted into cash, should be reported.

2. *Securities*. The bonds and other securities of the bank should be examined and those not on hand should be verified by reference to the receipts

of the parties with whom they are deposited and if the receipts are old they should be verified by correspondence. The market value and the amount at which carried on the books in the aggregate should be shown, and any stocks held by the bank should be listed, with a statement showing the reason the securities were taken by the bank.

3. *Loans*. The notes should be carefully checked and their total compared with the general ledger. The genuineness, value, and security of each note, and of any collateral thereto, should be carefully determined, and any losses ascertained, or probable, in the judgment of the committee, should be noted. The liabilities of each of the larger borrowers and loans to affiliated interests should be aggregated and carefully considered. The report should also show the general character of the loans—whether well distributed; the general character of the collaterals; whether corporations in which officers or directors are interested borrow to an undue extent; also any large liabilities of the officers or directors. It should also be shown whether all paper claimed by the bank as its own property, including collaterals, is properly endorsed or assigned to it, and all mortgages recorded. Any loans exceeding 10 per cent. of the capital and surplus of the bank should be reported. The signatures of all note makers and endorsers should be carefully scrutinized, and any erasures and alterations or any indications of manipulation should be carefully investigated and reported to the full board. All overdue paper should be listed and comment made as to its collectibility.

4. *Certificates*. The certificates of deposit and the cashier's checks should be verified.

5. *Due from Banks*. The bank's last reconcilements of accounts with correspondent banks should be compared with the bank's books and a transcript of the bank's account from the date of the last reconciliation to the date of the examination sent to the correspondent bank with a request

for verification. Balances with non-member banks in excess of 10 per cent. of the capital and surplus should be reported.

6. *Deposits.* Individual ledger balances should be verified by calling in pass books, by sending out reconciliements of certain accounts selected by the directors, or in some other suitable way.

7. *Overdrafts.* They should be totaled and carefully considered, and the report should show any estimated losses.

8. *Profit and Loss.* The committee should consider carefully the "profit and loss" and the "expense" accounts, with a view of determining whether the charges against those accounts are proper, whether the earnings of the bank warrant the expense charges, and whether the bank is making a legitimate profit.

9. *Methods.* The examining committee should inquire carefully into the arrangement of the working affairs of the bank and ascertain whether any employee who keeps the individual ledger receives deposits or balances pass books; and whether the employees are properly bonded, and in whose custody the bonds are lodged.

10. *Due to Banks.* Any liability of the bank for borrowed money, including money borrowed from other banks on certificates of deposit, should be listed, and the proper authority and the necessity for such borrowing ascertained.

11. *Deficiencies.* The report of the directors or the examining committee should show that these points have been covered, and should recite any deficiencies discovered.

12. *Statement of Condition.* The report should also contain a complete statement of the total assets and liabilities of the bank, with any additions or deductions that in the judgment of the directors should be made as a result of their investigation. There should also be included a detailed statement of the loans which the directors estimate as worthless, doubtful, or insufficiently secured, giving reasons

therefor, and as nearly as possible the real value.

13. *General.* A statement should also be made of any matters which in the opinion of the committee affect in any way the bank's solvency, stability, or prosperity. An examination twice a year, along the lines indicated, by a committee of the directors who will give sufficient time to the work to make it thorough and complete, can not fail to be of great benefit to all concerned, and this the directors owe to the shareholders who have placed them in their positions of trust. A complete report of each examination should be preserved in the files of the bank and be accessible to the bank examiner when examining the bank."

That the directors of the average bank could not comply with the foregoing program is beyond question. Even if they possessed the technical ability or experience to do it properly, they could not afford to spend the time required in making so extensive an examination.

Aside from the technical operations involved in the examination, it is the desire of the modern director to see the operations as a whole rather than in detail, and the close examination of ledgers, cash, securities, notes, is often, in the words of a prominent manufacturer, "the most confusing *milieu* that I ever faced." The successful business man finds that his success is most often due to his keen analysis of accurate, capably drawn, reports, not only of a statistical nature, but as to accounting system, policy in matters of detail and policy as practiced in major operations.

In recent years, well managed banks have been employing certified public accountants to make periodic examinations of the banks' affairs. These examinations are usually made at the instance of the examining committee of the board of directors to whom a complete and comprehensive report is rendered, thus entirely relieving the examining committee of its time-consuming duties.

The report usually covers the following points:

Financial Condition:

(a) Statement of condition as at the date of the audit.

(b) Specific comments on all resources and liabilities, together with relative supporting schedules.

Earnings:

(a) Statement of income and profit and loss.

(b) Comment as to specific items, stating causes of loss or gains and comparison with previous periods.

System:

(a) Opinion of system in operation.

(b) Recommendations.

*Management**Violations**General*

The scope of an examination by certified public accountants includes or should include, in addition to all the work outlined in the foregoing program, methods of detecting shortages or manipulations.

As has been said in a previous paragraph, the value of the independent examination by the certified public accountant is more to the modern bank director than a mere proof of satisfactory condition. It is indeed a frequent event for directors to find that the examination points out improvements in the system which greatly expedite operations and reduce the cost of handling details.

But more important even than these savings and the savings which they in turn lead to, are the effects of a competent examination upon the directors themselves. The way is often pointed to new business activity and to opportunities for greater profits and greater service to depositors and borrowers, to the mutual advantage of each person concerned in the transaction. The reports themselves enable the stockholders and directors to make more intelligent decisions when matters of policy are brought to their attention.

Less tangible, yet equally important in the conduct of the banking institution is the effect of the examination upon the employees themselves. It has been repeatedly shown that the making of the thorough, independent examination has a salutary effect upon the entire force. It improves the morale and keeps the men keyed up not only to their responsibilities but also to their routine duties of the day.

The facts then account in a very large measure for the tremendous increase of late years in the number of banks throughout the United States which are periodically putting through an independent examination under the supervision of the examining committee of the board of directors but utilizing the services of certified public accountants. This procedure seems, indeed, almost certain to become a universal one, as regular a procedure as in past generations it was an uncommon one.



An Examination in Banking

With respects to Thomas A. Edison

By William H. Kniffin, Jr.

Who invented interest? Was it a profitable invention?

What was the "Mississippi Bubble?" Why did it burst?

Who was John Law?

Why is red ink red?

When was the Federal Reserve Bank born?

Who was the doctor?

How far is it from office boy to president?

Who gets the protest fees?

How much would you loan on a ton of prunes?

When you put your "John Hancock" on a note do you have to pay it?

Who was Ponzi? Explain how he did it.

What is meant by the "mint par of exchange?"

What is a mark? Is it is good mark or a bad one?

Where is Wall street?

Why does it begin in a graveyard and end in a river?

Who are the "lambs?"

What is a bucket shop?

What is the voltage of a stock ticker?

Will it kill?

Who invented overdrafts?

What is a "go back?" Where does it go?

What kind of acid is found in some bank tellers?

Who started the first bank? Who was president?

Give the history of money in brief.

Who tried to get gold from sea water? Did he get any?

What is the capital of the National City Bank?

Who made the first fountain pen?

What are the qualities of a good loan?

What kind of cotton is used in money bags? Who holds the bag?

What is meant by amortization?

Amortize the following: Bond of \$1,000 carrying 6 per cent. bought to net .05678, due five years, at 108187,

interest January and July. Bought the day it was paid for.

What kind of wood is used in lead pencils?

How long does it take to raise a pencil?

Can a bank note be raised quicker? Can a bank clerk get married on \$1,200 a year? Why not?

Do women make good bank clerks? How long do they remain?

Where are bank notes laundered?

Where do rubber bands come from? Where do they go?

What effect would the assassination of Lenine have upon exchange between Petrograd and Calcutta?

Who wrote Lombard Street?

Draw a map of the Erie Railroad?

What is the security behind the Erie prior lien bonds?

What is a debenture bond? A first and refunding bond?

A first consolidated refunding bond? A consolidated prior lien, collateral trust first refunding debenture bond?

What stocks are sure to go up?

How many ties are there in a railroad mile? Are there any home ties?

Why does a bank charge ten cents to cash a check? Who gets the ten cents?

What is exchange?

If you make lead nickels, where will it lead to?

Is a red headed man a safe banking risk?

How about a "cock-eyed" man?

What do you understand by protest? Give the legal and practical reason for protest.

If a check reads "five dollars" and the figures are \$500, which amount should the bank pay?

If a check is raised from \$5 to \$500, what amount may the bank charge against the customer's account?

Where do we get "quick" silver?

What are the duties of the "glad hand man" of the bank?



When BOSTON was a City of 80,000

THIS WAS IN 1836—the year when Benjamin T. Reed convened eleven leading Boston merchants and manufacturers in the famous Exchange Coffee House, to organize a bank.

With Mr. Reed as President and a \$500,000 capital, *The Warren Bank* opened for business. A cashier, a teller, a bookkeeper and a messenger comprised the staff. The title was shortly changed to *The Shawmut Bank*. Through vision and faithful service the new bank thrived. In 1864 incorporation was secured as *The Shawmut National Bank*.

Following a reorganization in 1898, the present title—**THE NATIONAL SHAWMUT BANK of BOSTON**—was adopted. Since that year, the growth of the bank has been consistent. Deposits increased from \$30,000,000 in 1899 to more than \$140,000,000 at this date. The service organization now includes over 1600 branches and connections, giving this bank representation all over the world.

The policy of this 85-year-old institution is very ably expressed in the words of a former Chairman of Directors, "... a large, strong, powerful bank, conducting a wise, conservative, but progressive business. It will not devote itself to any particular or exclusive line of the banking business. Its aim will be to accommodate all classes of business and all classes and kinds of people; to accommodate and do business with the small merchant as well as with the rich."



THE NATIONAL SHAWMUT BANK of BOSTON
Resources far exceed \$200,000,000

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

JULY 1921

BANK publicity men will be interested to learn that the world's most famous bank has started the publication of a house organ. "The Old Lady of Threadneedle Street" is the title and of course the bank is none other than the Bank of England.

This publication is described on the cover as "A Journal of General Interest, Produced by the Staff of the Bank." It is to be published quarterly. Its editorial contents consist of essays, verse, stories, staff news, obituary and club news. Besides the Bank of England Club there are staff clubs devoted to art, literature, dancing, music, amateur drama and opera, rifle shooting, billiards, cricket, football, golf, racquets, fives, swimming and tennis.

That the bank house organ has won a permanent place for itself and is no longer to be considered as an experiment is given ample proof in its adoption by the most conservative bank of the world's most conservative nation.



THERE'S NOTHING LIKE having your friends stand by you. Someone started a foolish and unnecessary run on the Security National

Bank, Dallas, Texas, last May. The Federal Reserve Bank, the Clearing House and other organizations issued reassuring statements; business houses published advertisements expressing confidence and the Rotary Club adopted strong resolutions of confidence, and many members announced additional deposits. The bank weathered the storm all right, as it was perfectly solvent.



THE NEW YORK Telephone Company has inaugurated a plan for its employees to become systematic savers by deductions from their pay envelopes. The plan provides for the opening of individual accounts for employees in selected savings institutions, with the company acting as agent of the employees. By simply signing an authorization card a complete savings bank accommodation is afforded the employees, with full control left in the hands of the individual. This seems to be a good idea for banks everywhere to encourage in the case of large employers of labor.



THE BANK ADVERTISER DOES not usually have to take the chances which many merchants and other general advertisers do at times. For example, take the haberdasher or department store which advertises extensively in the morning newspaper to sell straw hats. It turns

out to be a cold and rainy day and the sale of straw hats is only about half what it would have been on a hot, sunny day. Nothing like that in the banking business. In fact, preparing for the "rainy day" is a *piece de resistance* of bank advertising.



WHEN A VERY ALERT trust company man saw in the proof of a proposed advertisement for his institution the phrase, "Committee for Incompetents," his comment was, "I think there are very few incompetents going around looking for a trust company to take charge of their affairs." It doesn't seem worth while to advertise that function, inasmuch as it is usually performed upon appointment by the court.



VARIETY SAVORS EXISTENCE. It is human nature to grow weary of the old, to tire of monotony, to become drowsy and indifferent when the same story is told repeatedly in the same way. New ideas, new ways of presenting facts, new designs, new color schemes, new methods of stimulating interest are essential to the continued and increasing success of your advertising printing. When you get out your next booklet, make it different, more attractive, more convincing, than any you have previously issued, if you want it to do the utmost for you in influencing business.

How To Get Bank Advertising Ideas

(Continued from page 59)

all of them took place within a five-minute walk from the front door of the bank.

One evening several weeks ago I wandered into a nearby pool hall. A game was in progress at every table and a group of hangers-on were sitting along the wall. Clouds of smoke floated over the room making for that general atmosphere of relaxation, where the men of the neighborhood talk and express their ideas freely.

One young chap piped up: "Say, have you noticed the new bank building lately? I'm going to start saving my money and put it in a savings account when the bank moves into its new quarters."

This was my cue to break into the conversation: "Don't you think the building is too large for that bank? It's going to be exclusively occupied by the bank, you know?"

"Naw," replied this youth of twenty, not knowing that I had any connection with the bank. "That bank's growin' and believe me they'll need a big building soon."

After all, this youngster had struck the heart of the matter, though in a crude way, and yet here was inspiration for advertising copy. This little dialogue gave me a new idea, which I worked up into an effective advertisement, explaining that our new building was being erected with ample floor space for future expansion.

I went back to the pool-room a few evenings later and one of the boys who knew me said: "Say, what are those first mortgage gold bonds you are advertising?"

In the midst of my explanation some half dozen fellows collected around us. I saw my chance and said, "You fellows come over to my office right now. It's late, but I can get in and I'll show you what

Who's Who in Bank Advertising



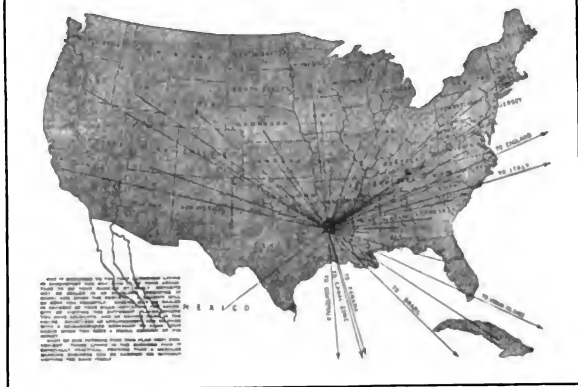
O. HOWARD WOLFE

Cashier Philadelphia National Bank, in charge of publicity

MR. WOLFE became associated with the Philadelphia National Bank in 1899, but later left the bank to become secretary of the Clearing-House section of the American Bankers Association. In that capacity he showed great energy and became an authority on clearing-house matters. He resigned to return to the bank as assistant cashier and was elected cashier in 1917.

Mr. Wolfe is in charge of the publicity for the bank, and has always been a prime mover in all advanced organizations for better advertising.

Showing the Scope of Service of the Commercial National Bank of Shreveport, Louisiana.
In each state and county designated by the lines to have deposits



The Commercial National Bank of Shreveport, Louisiana, is developing a banking-by-mail business. The above chart was issued by the bank to show the scope of its service.

those bonds are and what an important part they play in your everyday life."

The whole group went over to my office with me and after a fifteen-minute session, two or three of them became interested enough so that they returned a few days later and made their first monthly payment on a first mortgage. The following is the advertising copy that suggested itself to me after this particular experience:

DO YOU KNOW WHAT AN IMPORTANT PART BONDS AND MORTGAGES PLAY IN YOUR EVERY DAY LIFE?

Bond issues today have become the best way of raising money for building schools, apartments, residences and factory buildings.

Whether you know it or not, you are investing much money in bonds. Fraternal societies and insurance companies invest their reserve in bonds and mortgages—your dues and premiums furnish the money.

Every trust fund and estate has a portion of its money in mortgages and bonds.

By putting your money to work in a 6 per cent. first gold mortgage, or first mortgage gold bond, you will have the same opportunity for a safe investment at a good return, as that enjoyed by wealthy men.

If you are not able to pay cash for these mortgages or gold bonds buy them on our monthly payment plan, and earn 6 per cent. while you save.

One day while purchasing a leather portfolio I found that

I did not have enough cash in my pocket to pay for it. "Will you take a check on our bank?" I asked the proprietor.

"Sure," he replied, "and by the way we ought to have our account there. We are now banking with a large bank downtown which is rather inconvenient for us at times."

"We would be mighty glad to serve you," I said, "and when we get in our new building we will be in a position to give you both the convenience and service that you get downtown, and all within five minutes of your place of business."

This man came in later and opened an account with us and is today one of our best customers. This incident brought the selling point of "convenience" forcibly to our attention and I have used it regularly, to good advantage in our advertising copy ever since.

Barber shop discussions frequently offer good copy for the advertising man. I have in mind a conversation overheard a short time ago while waiting for my "next". One of the barbers liked his liquor pretty well and the prohibition question was uppermost in his mind.

"Well, Bill," said the man in

the chair, who knew the barber's weakness, "I know where you can get more than one-half of one per cent."

"Good stuff?" asked the barber.

"You bet."

"Hm-m-m," said the barber, "let me in on the secret. Where can you get it?"

"Why, er you can get 3 per cent.—interest at the bank across the street."

Here was a suggestion that was right up to the minute—the theme was timely and carried a universal appeal, at least for our neighborhood.

The next day a show card appeared in our window as follows:

THE LAW ALLOWS ONLY
"one-half of one per cent."
But, we give three per cent. interest on Savings Accounts.
START TODAY
\$1.00 will do it.

By the way of interest, I am including an incident which took place in the bank and which indicates how the advertising campaign of one concern may rebound to the benefit of other business men in the lo-

The Pyramids of Ancient Egypt

In Egypt, where long ago, people worshipped the gods of life and death, the pyramids were built as a monument to the immortal soul.

It is thought that probably the pyramids served a twofold purpose—as a treasure house for the wealth of the royal Pharaohs and as their last resting place. And even the power of these stupendous king of ancient dynasties failed to prevent their violation. What can say this the pyramids were not the strongest form of safe deposit vaults?

Even in those far-off days you can protect the treasures of safe-guarded their treasures.

Your relations—where are they? Have they perished from fire or theft?

Planter's National Bank
MAIN AND TWELFTH STREETS
BIRMINGHAM

This Richmond bank is running a series of safe deposit advertisements based on historical examples. The bank reports that this series is attracting wide public interest and has been unusually successful.

Will You or the State Decide Your Property?

Her Happiness Awarded in the Twilight of Life

And He Too Was Called

When Peter Grimm Returned

Union Trust Company
Bank and Trust Company of Detroit

The series of advertisements by the Union Trust Company of Detroit reproduced above are good examples of the growing tendency among financial institutions to use illustrations in connection with copy. These illustrations not only attract greater interest but add force to the arguments of the text.

cality. We learned that there were several well known artists in our neighborhood and planned to exhibit their paintings in our bank. We featured the exhibit in our newspaper publicity and many people came in to examine the work of the local artists. There was a direct appeal here to local pride and the exhibit pulled strongly.

Many of the mothers in the neighborhood, who came into the bank and saw the paintings, remarked, "I wish I could get my children interested in doing something like that."

A stationery merchant and one of our oldest customers overheard one of these remarks while he was in the bank and said: "That gives me a good idea."

The next day he ordered fifty artist sets for beginners and made an attractive window display of them in his store. I saw him a few weeks later and he said, "Do you know that the exhibit at your bank stimulated the interest for art in this neighborhood? I sold over fifty sets of artist's material and have had to order a new supply to meet the demand."

This man had his ear "close to the ground." He capitalized an advertising campaign designed primarily for our benefit, which turned out to be of

value not only to ourselves but to our customer as well.

In the course of an ordinary banking day, one meets people of widely divergent temperament, ranging from the conservative business man to the eccentric character who runs a little one-horse shop tucked away in some remote alley. I dropped into one of these old curiosity shops one day to chat with the proprietor. In the course of the conversation he asked: "What about those

first mortgage gold bonds you people are advertising?"

I made a brief survey of the proposition and he replied, "Well, that sounds pretty good to me. You see, I have \$500 in a checking account in your bank and I'm thinking of placing it in some safe investment. I'll be over Saturday night to see you."

Three months passed and he did not appear at the bank. I again called on him and this time he handed me a circular, advertising a promotion scheme which on the face of it did not appear to be a safe investment.

"Do you know anything about this thing?" he asked.

"No actual facts," I replied, "but I will investigate it for you if you like?"

Upon returning to the bank I learned that one of our directors had looked into the matter thoroughly and had made an unfavorable report. I called up the man and read the report to him and then asked, "Do you still want to invest in that scheme?"

"No," was the emphatic reply and the next day he came over to the bank and invested his \$500 in one of our real estate gold bonds. I found out later that a waiter in a nearby restaurant had tried to induce him to put his money in this unsafe invest-



The above is an example of an unusually strong bank emblem.

Above are reproduced four advertisements appearing in out-of-town newspapers booming Buffalo as an industrial center.

Company is glad to welcome and to carry without charge, furnishing free check books, checking accounts with an average balance of \$100 or over. Of course there is no direct profit in such an account, but it is our theory that the advertising value of a satisfied customer is worth more than the cost of carrying the account. There is the further important consideration that many small balances become large and valuable, bringing to us not only profit but the satisfaction of having assisted in a worthy cause.

We therefore hope you will recommend the International Trust Company to your friends for small as well as large accounts and for the many other lines of banking service which we gladly render, such as savings department, safe deposit, exchange and foreign money of all kinds, acting as executor and trustee under wills and, in fact, nearly every legitimate line of banking endeavor.

CHAS. G. BANCROFT,
President.

IN A FOLDER ENTITLED "A Heart-to-Heart Talk With Our Depositors," The Mechanics National Bank of Worcester, Mass., says:

As a patron of this bank you should receive and feel that you are receiving the very best service we can render.

If by any chance you do not feel that you are getting good service, we want you to tell us so frankly. We are anxious to correct any such condition.

This is your bank. We appreciate your business and we are endeavoring to make our service mean much more than merely giving ordinary attention to your affairs.

In other words, we are trying to be interested with you in your business problems and to serve you as nearly as possible in the way you want to be served.

Experience teaches us that the more we cooperate with our patrons the more enthusiastic they will be about our service and the more likely they will be to bring new business to us.

For instance, you might be interested to know that a majority of all new business now coming to this bank originates directly or indirectly from personal recommendations of one kind or another.

We are proud of the fact that our patrons are so faithful and are assisting so materially in the growth of this institution. We value highly this spirit of loyalty and wish to reciprocate by giving them the very best service of which we are capable.

You, too, can help your bank to grow and to become of greater and greater assistance to yourself and to the people of this community.

Every now and then you can say a word or write a line to your friends, relatives and to persons with whom you have business dealings, suggesting that

as your relationship with this bank has been so pleasant you would like to see them make a similar connection.

We believe that your recommendation of our service will be the best advertising we can get. A good person's recommendation of a good thing has just about 100 per cent. of influence.

Cooperation of this kind cannot help but result to our mutual benefit.

May we count on you?

The folder contains blanks for filling in suggestions for improved service and for listing the names of possible customers.

THE HEAD OF THE women's service department of the First Wisconsin National Bank of Milwaukee, Miss Agnes M. Kenny is conducting a series of talks on "What Every Woman Should Know About Banking." These talks are well attended and are attracting wide interest.

THE PLANTERS NATIONAL BANK of Richmond in a recent booklet extended the following invitation to all out-of-town friends:

Some of these days you will visit Richmond. So here's a real

welcome from the Planters Bank, to make our bank your headquarters during your stay. We are always glad to welcome our out-of-town friends, and we are never too busy to show them around.



From Current Advertising

THE FIDELITY TRUST COMPANY OF BUFFALO:

A FRIENDLY ATMOSPHERE

We are sincerely striving to create a friendly atmosphere in our banking room, a homelike feeling that will make individuals glad to come in on any errand.

Courtesy in all transactions, combined with an efficient dispatch of business and a spirit of helpfulness and service is the foundation upon which we are endeavoring to build.

THE CHATTANOOGA SAVINGS BANK, Chattanooga, Tenn:

You are paying the price in money, and perhaps also in sacrifice, to supply for your loved ones the comforts which you want them to have when you are gone.

What would you do if confronted with possibility that they might fail to receive the protection which you love and foresight have provided.

Such a thing is not a remote possibility. As a matter of fact every day in the year insurance money is being unwisely spent,

**Saving
Always
Makes the
Difference**



RICH men have died penniless; peddlers have accumulated fortunes. Saving, or the lack of it, has made the difference in every case.

Saving will also make a difference for you. Open an account with as large a deposit as possible, and then build it up by regular deposits. Your faith in your ability to get ahead will rapidly increase.

Your savings here not only earn 4% a year, compounded semi-annually, but are also under the direct supervision of the U. S. Government.

Des Moines National Bank

6th and Walnut Sts. Des Moines, Iowa

THE WHITE BANK

Resources over Twenty Million Dollars

A good savings advertisement by a national bank.

wasted, and lost; by people of all classes.

BUT—

Just as surely as you may provide with life insurance a fund for the care of your family, you may know positively that the fund will accomplish just the things for which you created it.

Our insurance trust assures safety of principal, regularity of income, maximum income, provision of emergencies, unfailing protection.

THE COMMERCIAL SAVINGS BANK AND TRUST COMPANY,
Toledo, Ohio:

LIVING TRUSTS: HOW TO USE THEM

A living trust may be created for the benefit of:

1. Yourself: Under a trust agreement (revocable or irrevocable) part or all of your property may be entrusted to us for management, thereby assuring you a present income and future competence.

2. Your family: Money, securities or other property may be set aside in trust—the income and principal to be paid as you direct. You may wish to establish a fund to educate your children or start them in business; a wedding gift to your daughter in the form of a monthly income that will provide for her financial welfare; or carry out other plans for the benefit of your loved ones. Such things can be done easily and effectively through a living trust.

3. Your charities: Under a living trust, benevolent inclinations may be gratified and their results observed during life.

Under a living trust, your property is a care no longer, but a source of satisfaction and income to you.

Call at our main office and talk it over with our trust officer, or an interview may be arranged elsewhere if you prefer.



Cooperating With The Advertising Department

How is THE ADVERTISING man going to reach the man behind the wicket and gain his support and cooperation?

The cleverest kind of a publicity campaign for a bank may be rendered 50 per cent. useless by a lack of enthusiasm among the officers and employees of the institution, thereby leaving the advertising man to play a lone hand.

The advertising man can get his stories read by the public, or some of them, but the trick is to get those in the bank to show interest in the advertis-

ing. You can put your message over to the people in the town that this bank is an institution where a cordial welcome, courteous treatment, swift service, etc., are matters of glad and happy routine, but the difficulty lies in making the staff of tellers, clerks and bookkeepers inside the bank realize that it is their chief duty to live up to these promises. It is not a matter of deliberate neglect on the part of the folks inside the bank, but a failure to understand the situation. The average bank man is unaware of the intimate relationship that should exist between himself and the publicity man. He does not realize how much the growth and progress of all banks during the last ten years have been due, not to his own efforts, but to the advertising vision and imagination, and he realizes still less what a hard game the writer of publicity is up against in that the ad man is forced into sharp competition, not merely with other producers of his own commodity, but that he is competing with fountain pens, electric fans, shock absorbers, Paris garters, cord tires, etc., etc., with a thousand calls upon the pocket-book that promise to make life easier, richer and more entertaining. The advertising man must get to the very foundation of a reluctant nation that has lost the old virtue of foresight and thrift. The figures in the bank book must be made to look more enticing than an automobile, a fur coat, or cheap jewelry.

A good many advertisers who call themselves expert, whose judgment may be better than mine, think it is good publicity to distribute prayer books, baby rattles and other novelties. Perhaps it is good publicity, but you will have to show me if the green trading stamp methods in vogue in some banks are ethical and produce results.

Advertising, to accomplish its purpose, should have the enthusiastic support of the men in the bank. There should be an intelligent presentation of the fact that the institution is fulfilling with the utmost degree of safety and economy the legitimate purpose of the bank, that it is keenly interested in providing its community and merchants with necessary credit, and is helping the salary and wage earners safeguard their earnings; in other words, supporting all the interests of the community with vim and vigor. The advertising man who can convince the public of the existence of these qualities in his institution by backing up the advertising with service has done a man's size job.

No word in bank advertising has been used more indiscriminately than the word "Service". In fact, it is showing signs of wear and tear. But for all of that, our advertising is only a definite and concrete kind of service that is humanly possible to carry out.

The publicity department invites criticism and will meet it frankly and cordially. It is a generally accepted fact that advertising the reputation of the bank's president, officers and directors generally appeals only to those financially trained. It is the smile from the man behind the wicket, the quick service of the bookkeepers and the ready sympathy with the small depositor that make the personality of the bank and back up the advertising.—*Union Trust Company, Rochester, N. Y.*



SIMPLE, direct, plain speech is most easily understood by the greatest number of people. Simple, direct, plain language makes the best advertising speech.—*Joseph H. Appel, Director Publicity, John Wanamaker Stores.*

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Allen, W. S., pub., mgr., Southwark Nat'l Bank, Philadelphia, Pa.
Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B

Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
Banco Mercantil Americano del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bauder, R. E., Union Bank Bldg., Chicago, Ill.
Baughner, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., director serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Bize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V-P., Pennsylvania Nat'l Bank, Chester, Pa.
Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.

C

Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
Clabaugh, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D

Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
De Beban, A., adv. mgr., Equitable Tr. Co., N. Y.
Delly, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
Delson, L. E., pub. mgr., Central Tr. Co., of Illinois, Chicago, Ill.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Distelhorst, W., adv. div., 1st Wisconsin Nat'l Bk., Milwaukee, Wis.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E

Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.
Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.
Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F

Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.

G

Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, N. Y.
Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
Gonthier, H. G., dir. pub., Bank of Hochelaga, 112 St. James St., Montreal, Que.
Grimm, H. B., mgr. bus. ext. dept. Security Tr. Co., Detroit, Mich.

H

Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Heuchling, F. G., vice-pres., Northwestern Trust & Svgs. Bank, Chicago, Ill.
Hamsher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
Handerson, C. H., Union Tr. Co., Cleveland, O.
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Heuchling, F. G., vice-pres., Northwestern Tr. & Svgs. Bank, Chicago, Ill.
Higgins, A. E., adv. serv. 2929 B'way., N. Y. C.
Higley, J. N., adv. dept., 1st Nat'l Bank, Youngstown, Ohio.
Hirt, E. C., Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
Hodgins, J. H., pub. dept., Union Bank of Canada, Winnipeg, Manitoba, Canada.
Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
Hunter, H. G., vice-pres.; treas., Kansas City Terminal Tr. Co., Kansas City, Mo.
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

J

Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
Johnson, E. W., Warren Nat'l Bk., Warren, Pa.
Johnson, S. W., mgr., new bus. dept. Seaboard Nat'l Bank, Norfolk, Va.
Johnson, W. H., Jr., adv. dept., Marine Tr. Co., Buffalo, N. Y.
Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

K

Keeton, M., mgr. svgs. dept. Merchants & Farmers Bank, Meridian, Miss.
Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L

Langstroth, E., New York Trust Co., N. Y. C.
Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Lelch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
Lerner, V. A., comp., Williamsburgh Svgs. Bank, B'way, & Driggs Ave., Brooklyn.
Lyons, W. S., Union Trust Co., of D. C., 15th & H Sts., Washington, D. C.

M

McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.

Matthews, H. B., adv. mgr., S. W. Strauss & Co., 5th Ave. at 46th St., N. Y. C.
 Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.
 Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morrish, W. F., vice-pres., Security Bk. & Tr. Co., San Francisco, Cal.
 Morrow, P. E., care of Hackney & Moale Co., Asheville, N. C.
 Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.
 Murali, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.

N

Newton, E. V., mgr. bus. dept., Garfield Svgs. Bank, Cleveland, Ohio.
 Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.

O

Oakes, R. W., asst. secy., Watertown Savings Bank, Watertown, N. Y.
 Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P

Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R

Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N. Y. C.
 Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr., new bus. dept., American Nat'l Bank, Richmond, Va.

S

Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Sclater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellow, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
 Sloan, L. H., Nat'l City Bank, N. Y. C.
 Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept. Industrial Svgs. Bank, Flint, Mich.

Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.
 Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stein, R., asst. cash., American Union Bk., N. Y.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n., South Bend, Ind.
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V

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W

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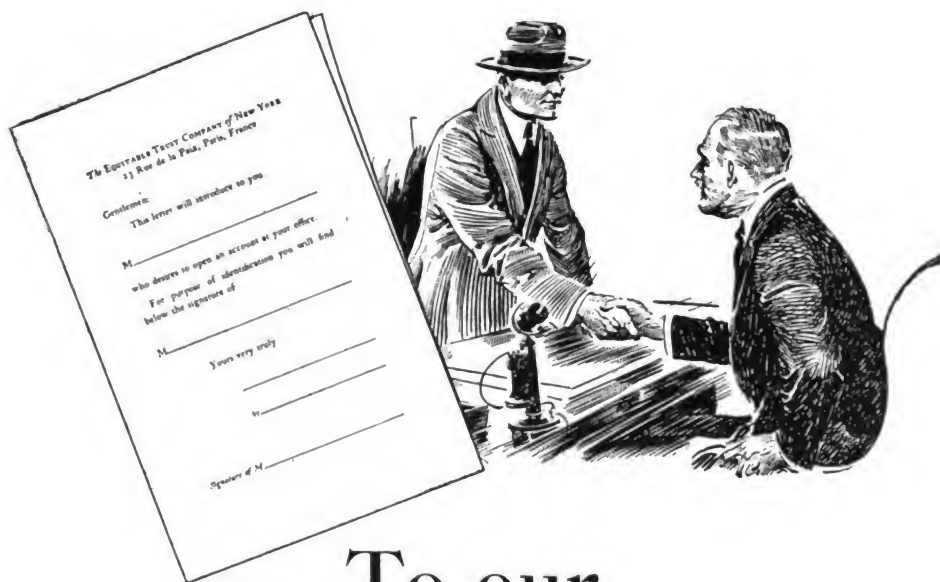
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Foreign Trade and its Relation to Domestic Business

By Arthur A. G. Luders

Trust Officer, Coal and Iron National Bank, New York

(The following is an address delivered by Mr. Luders at the spring meeting of group six, of the New York State Bankers Association Convention at Lake Mohonk.)

WHEN I returned to New York two years ago, to take up my duties at Liberty and West streets, I could see a veritable army of trucks and drays of all classes going to and from the great piers which line the river front. Vehicles would stand in line for hours waiting for their turn to unload their contents which were destined for all parts of the globe. Steamships and even the almost extinct sailing vessels made frequent trips loaded to capacity with such goods and our bank in common with others in New York City had daily requests for credits to finance the export of the products of our farms, mines and factories.

We heard a great deal of talk about having secured a stronghold on the world's foreign trade and for a time it looked as though there was no limit to the amount of business that we would get not only in Europe but in the other markets of the world; South America, Near East, the Orient, and the islands of the Pacific. However, about a year ago this condition began to show signs of changing and up to the present time the traffic on West street has diminished to a remarkable degree. Idle steamships fill the harbor, New York warehouses are bulging with American products that cannot be shipped and in many instances goods that have been shipped abroad are piled upon the piers at their port of destiny because the purchasers are unable to pay for them. Hundreds of thousands of dollars worth of these goods are being returned to America every week. Our exports for the first four months of this year have been decreasing at the rate of about \$100,000,000.

In a recent address, William C. Redfield, former secretary of commerce, stated that American goods to the value of \$40,000,000 lie undelivered at Buenos Aires, including 4,700 automobiles. In the harbor of Callao warehouses and cars are so choked with American products that it has been necessary to load them on scows and anchor them in the bay.

I do not wish to burden you with figures, but a few statistics will serve to bring home to you the striking contrasts between conditions at the present time and those prevailing two years ago. In June, 1919, our export trade was \$928,000,000; as recently as October, 1920, it was \$751,000,000, whereas in March, 1921, it had dropped to \$384,000,000. Berthed in New York harbor are 655 steamers and sailing vessels of which 252 have no charters. The shipping board has now more than 652 steel vessels lying idle which aggregate 3,500,000 tons deadweight and ships leaving for Europe are carrying only 30 per cent. of their cargo capacity. There are approximately 400,000 idle freight cars on our railroads.

What do these figures signify? I believe most of you will recognize the close connection between the paralysis which has affected our foreign trade and the tremendous amount of unemployment which exists in the country. Various estimates indicate that there are between three and five million people out of work.

This stagnation has not only affected manufactured articles but great quantities of agricultural products, particularly cotton, wheat, corn, tobacco, wool and hides, as well as products of mines such as copper, zinc and iron. If you will pardon a few more figures I would like to call your attention to the fact that at present the unsold sup-

ply of cotton is estimated at more than 6,500,000 bales. The carryover of wheat is estimated at approximately 300,000,000 bushels, and there is a two year supply of tobacco and wool. As a matter of fact, this country is producing between 20 per cent. and 30 per cent. more than it consumes in agricultural products and manufactures. Consequently, if we are to have prosperous times and a minimum of unemployment there must be a market made for our goods abroad. One of the difficulties of bringing the situation home to the American people is that it is comparatively new. Until the beginning of the war in 1914 this country was a debtor instead of a creditor nation—in other words, we bought more from abroad than we produced, and our debit balance to the other nations of the world in August, 1914, was close to \$4,000,000,000. A tremendous upheaval has taken place in the last seven years and we are now confronted by conditions which are absolutely new to the vast majority of the people of the country.

When we look at the other side of the picture, we find a still more difficult condition of affairs with which to contend; namely, the situation in Europe. There the need for our goods is just as great or greater than ever, particularly raw materials. Thousands of factories in Europe stand idle because of the lack of manufacturing material. Two reasons are preeminently responsible for this condition; first, the unstable foreign exchange, and second, the inability of foreigners to pay for our goods.

Up to the middle of last year our exports were financed by our commercial banks. But at the tremendous rate at which exports were going on it did not take long to exhaust the available supply of credit for this purpose. As a matter of fact, a great deal of credit which was extended on a short term basis has developed into long term credit and I have seen statements recently that approximately \$4,000,000,000 credit is frozen in export transactions at the present time.

It is not necessary for me to explain to the experienced bankers before me that such a condition could not go on indefinitely. The commercial banks were compelled to withhold the granting of further credits in any considerable volume for export business.

It used to be said that trade follows the flag and there may have been instances in which this proved to be true. But if you will look at the history of the foreign trade of England during the past fifty years, you will find that trade follows investment. A few years ago it would have been considered foolish for any one to suggest that export trade could have been financed by means of dollar credits as up to that time all of this business had been done through sterling credits on London which was the credit export center of the world. Thanks to the efforts of the Discount Corporation and several other discount houses, a discount market for bankers' acceptances has been developed which is now turning over acceptances at the rate of approximately four and one-half billion dollars a year. This discount market, however, does not fully take care of the export problem as it exists today and unless something is done to solve this problem in the very near future, the situation in this country will get worse rather than better.

In my opinion it would be most undesirable for our trade balance to be settled in gold at this time. Any further import of gold into this country from abroad means the lowering of the reserve against foreign currencies, which are now sufficiently depreciated to cause grave concern.

Even more undesirable would be the payment in goods manufactured in foreign countries, particularly if they were all dumped on our shores at once. This leaves only one other way open in which we can expect payment and that is by means of securities or long term credits.

The recent amendment to the Federal Reserve Bill known as the Edge Amendment provided for the formation of corporations to coordinate the re-

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sources of the country for export business in the same way that the Federal Reserve Bank gathered together the banking power of the country for domestic business. As a result of the work of the committee on commerce and marine of the American Bankers Association and the United States Chamber of Commerce, it has been proposed to organize the Foreign Trade Financing Corporation with a capital of \$100,000,000 and a surplus of \$5,000,000. Most of you have received circulars regarding this organization and I will not take your time to give you the details regarding it. My principal object is to bring home to you the importance of the success of this corporation and to endeavor to make you realize that the foreign trade of this country affects directly or indirectly each and every individual and particularly the industry with which so many of you are in close contact, namely, that of agriculture. If the bankers of the country can be brought to under-

stand that this corporation will be a most effective agency in increasing our foreign trade, I am quite certain that there will be no difficulty about obtaining the necessary subscriptions to its capital stock. It may seem like a large undertaking, but in comparison is none too large for the future business which will be offered to it. It will not come into competition with commercial banks but will supplement our existing banking machinery. In other words, it will begin where our domestic banks leave off. As to the size, it is not any larger than the corporation recently formed in England to finance the Australian wool crop.

I do not wish to leave you under the impression that this corporation will enable us to continue indefinitely to sell to foreign countries at the rate at which we were doing two years ago or that on the other hand our imports from foreign countries will not increase. As a trading nation, we must import as well as export and this is

one of the ways in which a normal trade balance can be maintained. In course of time I hope to see in this country organizations similar to the investment trusts so successfully in operation in England. These trusts, whose shares are held by English investors, invest their funds in securities of foreign corporations and through the ownership of the stocks and bonds of such foreign corporations, England has an immense advantage in selling abroad. This is what I meant in my previous statement that trade follows investment. If, for instance, the stock of a railroad company in South America is owned in this country, the chance of being able to supply them with rails, locomotives and other equipment is better than if the stock is held in Germany.

The Foreign Trade Financing Corporation will point the way through its foreign agencies to the many opportunities in this direction which will open to us and on behalf of the committee that is striving without compensation to effect this organization I bespeak your interest and support. I believe that the corporation will be conservatively and soundly managed and that this stock will be a profitable investment directly as well as indirectly.

It is most important that this undertaking be completed without delay. Only recently a visitor from Paris was here to place an order for \$10,000,000 worth of material but could not com-

plete the deal because it could not be financed even though he was able to give a direct obligation of the French Government on a basis that would yield slightly better than 8 per cent. This is only one of many opportunities that are being presented almost daily and our inability to grasp them means considerable loss, not only to ourselves but to struggling nations of Europe. We emerged from the war the richest nation in history with natural resources and productive capacity that can scarcely be comprehended in figures. However, these sources of wealth are of no value unless an outlet exists for them. It will be many years before our population can consume all that we produce. Therefore foreign markets which have recently been closing to us must be reopened rapidly else we cannot keep our people on the farms, in the mines and factories profitably employed.

The point which I wish to emphasize is that this is a vital matter to everyone throughout the country. It not alone concerns the shipping points along the Atlantic or Pacific. It is not confined to the U. S. Steel Corporation, the Standard Oil Company or a few other large corporations. It is a proposition which reaches into practically every home in the country. Our accomplishments in the war showed what cooperation will do. We need the same kind of whole-hearted cooperation for success in peace.



An Important Ruling on Letters of Credit

WARNING has been given by the Federal Reserve Board of the lack of legal authority for the custom of large city banks of accepting and issuing letters of credit for country correspondents. The action of the board has a direct bearing on methods commonly in use for financing foreign trade.

Heretofore, when the customer of an interior bank desired to obtain a letter of credit in connection with his foreign

business, the national bank, instead of issuing the letter itself, asked one of its large city correspondents to issue the letter to the customer's account, which the national bank would guarantee.

The transaction does not always involve the issuance of a letter of credit, for the correspondent bank sometimes simply accepts a draft drawn upon it by the national bank's customer, and the national bank, in a collateral agree-

ment with the correspondent bank, guarantees the customer's obligation to put the correspondent bank in funds to meet the acceptance. Under the latter arrangement, the national bank's liability is the same as the ultimate liability which arises out of guaranteeing a letter of credit, so that the two transactions will be considered as one and the same for the purpose of this discussion. It also appears that some national banks, in consideration of a fee or commission, are accustomed to indorse acceptances for the accommodations of their customers or bill brokers. In connection with such practices the question arises whether a national bank has authority to make such guaranties or accommodations, indorsements, or whether such acts are beyond the powers which national banks lawfully may exercise. In ruling on this subject the board now says:

"Whether or not a national bank has authority to guarantee a letter of credit or to indorse an acceptance for accommodation is a question of law which in the last analysis must be determined by the courts.

"There is no express authority of law which authorizes a national bank to lend its credit by indorsing an acceptance or by guaranteeing or acting as surety on a letter of credit. The national bank act authorizes national banks to discount and negotiate notes, drafts, and bills of exchange, and to make loans on personal security, while Section 13 of the Federal Reserve act more recently has conferred upon national banks the power to accept drafts growing out of certain specified transactions. It is settled, however, that a national bank's power to discount negotiable paper and to loan money does not carry with it the power to guarantee, or act as surety upon, the obligation of another, nor is such a power incidental to the business of banking.

"Similarly, although the power conferred upon national banks to accept drafts carries with it the power to issue letters of credit as incidental thereto, it would seem that such powers do not carry with them the power to guaran-



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tee, or act as surety upon, acceptances or letters of credit issued by other banks.

"In view of these considerations, the Federal Reserve Board is of the opinion that a national bank has no authority to guarantee or act as surety upon a letter of credit, or to indorse an acceptance for accommodation; that such acts are ultra vires; and that if the directors of a national bank enter into such contracts of guaranty or suretyship, they assume in their personal capacities the risk of any loss that may occur."

If a national bank has no authority to guarantee or act as surety upon letters of credit many national banks will be compelled to forego a business which is very desirable both from the standpoint of the banks themselves and from the standpoint of their customers. The result will be that the customer himself must necessarily go to a large

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city bank and, as his financial standing perhaps is not generally known, his request for credit in many instances will be refused and he will be compelled to seek other and less desirable means for financing his business.

Realizing the practical force of these considerations, the board suggests an alternative method of financing the business heretofore financed by means of letters of credit guaranteed by the national banks at whose request the letters are issued. The board is of the opinion that this course, if adopted, will enable a national bank, with only slight modifications as to the manner of handling the business, to continue to carry it on without entering into an ultra vires transaction.

Take the case of a national bank in an interior community whose customer wishes to obtain a letter of credit which will be satisfactory to his foreign dealer. The national bank, having no international standing, or being without any department capable of handling foreign business, does not wish to issue

the letter itself but is willing to extend its credit to its customer. Under these circumstances, it enters into an arrangement with, say, its New York correspondent, whereby the New York correspondent agrees as agent of the interior bank to issue a letter of credit for the account of the interior bank's customer, the letter to be issued in the name of the New York correspondent, but in issuing the letter the New York correspondent is to act as agent for an undisclosed principal, namely, the interior bank. The interior bank's name will not appear on the letter of credit, but its New York correspondent may look to it for reimbursement under the collateral agency agreement not conditionally upon the failure of the customer to put the issuing bank in funds but directly and unconditionally as the real issuer of the letter. The beneficiary of the letter and the holders of the acceptances drawn thereunder will look to and rely on the credit of the New York bank, for its name alone will appear on the letter and the ac-

ceptances, but the interior bank will in fact be the real acceptor and the customer will be under obligations to put the interior bank, not the New York bank, in funds to meet the acceptances as they mature. The only change necessary in the present method is that the interior bank, instead of guaranteeing the letter of credit, will execute a separate contract appointing its New York correspondent its agent, and agreeing unconditionally to reimburse the agent as such for any moneys paid out, or, if desired, to put the agent in funds to meet the acceptances as they mature. It would seem that this procedure will meet the practical requirements of the situation and at the same time avoid the necessity of any contract of guaranty.

After careful consideration the board considers that national banks may properly finance the business in question in the manner suggested without exceeding their statutory powers. It thinks that "a national bank unquestionably may legitimately finance its customer's business by issuing a letter of credit in its own name. If a national bank may issue a letter itself, it would seem that a national bank may issue a letter through an agent, provided that the national bank has authority to appoint an agent for that purpose."

In case the course suggested should be adopted, the agent bank, which issues the letter and which is primarily and unconditionally liable upon the acceptances made thereunder, must include the liability on such acceptances, as and when incurred, among its general acceptance liabilities subject to the limitations on the acceptance power

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prescribed by law; and inasmuch as the interior bank is by hypothesis the real acceptor and is directly and unconditionally liable to the agent bank for any moneys paid out to meet the acceptances as they mature or to put the accepting bank in funds to meet such acceptances, the principal bank also must include the amount of the acceptances, as and when made, among its general acceptance liabilities subject to the limitations of law.



American Foreign Trade Program

THE "Final Declaration" adopted by the Eighth National Foreign Trade Convention recently held at Cleveland, Ohio, contained the following national program for American foreign trade during the coming year:

1. Increased imports into the United States.
2. The drawing upon surplus American investment funds in order to furnish long-term credits to foreign buyers.
3. Immediate creation of financial institutions under the Edge Law to extend such long term credits.

4. Pending the revival of world commerce, the laying up of such of our government-owned merchant marine as cannot be chartered on a bare-boat basis or on time charter to private operators.

5. Revision of our shipping laws, which subject American vessels to a competitive disadvantage estimated at 5 per cent. on the capital investment.

6. Uniformity of state laws affecting marine insurance companies.

7. Adequate international machinery for the enforcement of awards of commercial arbitration; and application of standardization to products not already so protected.

8. Adoption of revised and uniform commercial letters of credit and ocean bills of lading.

9. Maintenance of interest in American foreign trade, even though it shows no profit for the moment; and remembrance that in many cases it will cost much more to regain in the future a business lost now through lack of courage and foresight.

10. A bargaining tariff.

11. A reorganization of the foreign service of our government which will provide for unified control and a permanent career to be started at a National Foreign Service Training Academy.

12. The passage of the China Trade Act, which will permit the formation of American companies to trade in China on a plane of tax equality with competitors of other nationalities.

13. A change in our taxation laws which will free Americans living abroad from paying taxes upon income derived from within the foreign country of residence.

14. Adequate support for those departments of the government which participate in the development of our foreign trade.

15. The revision of our revenue laws necessary to permit the negotiation of a parcel post convention with Cuba.

16. The wider use of foreign trade news by our press.

17. The expansion of systems of international telegraphic communication under American control and operation.



The Future of France Encouraging

By Henry E. Cooper

Vice-President Equitable Trust Company of New York

IN my opinion American bankers and business men, when endeavoring to pass judgment on conditions in France, are prone to make two mistakes. First, in confining themselves almost solely to an analysis based upon reading and figures instead of personal visits; and second, in confounding the question of national finance with that of private credits.

As to the former, I have devoted a portion of my six weeks' stay in France to a number of visits to the various industrial sections, personally visiting a large number of manufactories and plants in each of the leading lines of industrial activity. In this way I have seen considerable of the cotton and woolen textile industry as well as the coal, steel, potash, leather, silk and wine industries. Thus, instead of having a vague idea procured by reading reports or public statistics, I have been enabled to get a mental picture of these great industries in France, and to say that I have been deeply impressed with what I have seen is expressing it mild-

ly. France, with her regained Continental territory and added colonies abroad, becomes in natural resources and manufacturing productive capacity, a power in the world which I think comparatively few Americans fully realize and perhaps not even all Frenchmen, owing to their closeness to their own difficulties and recent troubles. The substantial construction of their factories and plants, together with the modernness of the machinery and methods; the high character and ability of the owners and operating managers of these industries; the intelligence and industry of their laborers; and their position with respect to the location of their raw materials; all these make for a standing in their own country and an ability to compete with other countries which are, to the last degree, reassuring.

As regards the second point, it naturally cannot be gainsaid that the French national financial position presents a sore and perplexing problem. It is quite possible that in course of

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time (and it may take several years) it will be necessary to levy a progressive or serial capital tax and reduce the currency. It is unnecessary to go into that question here. Heroic as such measures, if in time applied, may be, it has been done before many times in the world's financial history and without any necessarily disastrous results. I have such confidence in the ability of the French financiers, as so wonderfully displayed during the war, that I am certain the solution will be found with the least possible disturbance.

The point which I wish to make, however, and which must be borne in mind is that the public and private credit questions must not be confounded. A fair reading of economic history will, I think, show that in a number of instances in the past the national credit of a nation has been strained while its private credits have continued sound and stable. After all, the essentials of banking are to finance the life of the nation's inhabitants. France has some forty-two million inhabitants who must continue to eat, be clothed and sheltered. While there is a close inter-relationship between the national and what may be called the private finances and while the former may affect the latter for temporary periods, nevertheless, in the long run, the so-called private credits will continue sound, providing the fundamentals are present, subject only to the cycles of prosperity and depression which visit all countries. And the fundamentals in France are, in my opinion, perfectly sound,

with a consequence that her private credits are, generally speaking, safe beyond question. Moreover, with the fundamentals of private enterprise sound,



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H. E. COOPER

Vice-President Equitable Trust Company of New York
who recently returned from France

the national finances, looked at in a large way, also become sound.

As a result, therefore, of my own observation while there, I cannot share the doubts or pessimism which apparently

obtain in some quarters in America and France as to her future; on the contrary, I entertain only the most positive and sincere confidence in it.

Great Britain

BANKERS OPPOSE TRADE BARRIERS

A manifesto signed by a score of leading British bankers was published recently protesting against any legislative or administrative measures tending to check the free exchange of goods with foreign countries and declaring the policy of trying to exclude foreign commodities to be a mistaken one.

"We cannot limit imports without limiting our export trade and striking a grave blow at world-wide commerce, on which this kingdom principally depends," the manifesto says.

Expressing the opinion that all Government controls, licenses and tariffs can only retard improvement in Continental exchanges and prevent the natural recovery of trade, the manifesto concludes:

"We desire to enter a respectful protest against every restrictive regulation of trade which tends to diminish the resources of the state."

The signers include Lord Avebury, partner in Coutts and Company; Lord Chalmers, former joint secretary of the treasury; Frederick C. Goodenough, chairman of Barclays Bank, Ltd.; Sir Everard A. Hambro, a director of the Bank of England; Lord Inchcape, senior partner in Mackinnon, Mackenzie & Company; the Right Honorable Frederick Huth Jackson, director of the Bank of England; Sir Robert Kindersley, director of the Bank of England; Walter Leaf, chairman of the London County, Westminster & Parr's Bank, and Reginald McKenna, director of the London Joint City & Midland Bank, Ltd., and former chancellor of the exchequer.

The manifesto is an important move,

clearly aimed at the present government's trade policy as exemplified by two resolutions passed in the House of Commons, although the resolutions are not mentioned in the manifesto, and also at excessive public expenditure, which the manifesto says "threatens to cripple the country's resources and impair its credit abroad."

The document is a weighty protest against erecting trade barriers. It declares: "We have to build up the markets we need by encouraging the Continental nations to export to us, for it is only by exports that they can re-establish their credits and provide funds for the payment of their debts."

It is interesting to recall that it was the representations of a group of influential bankers, among them Reginald McKenna, made to Lloyd George at the time of the last London conference, which, it is believed, had a great influence in countering the French plans for the immediate occupation of the Ruhr and securing somewhat easier conditions for Germany.

The banking community is said to be in favor of repealing the 50 per cent. levy on German exports, which, according to an official statement made in Parliament, only produced in the first five weeks £9,000 and in the opinion of the business community will act as a great hindrance to trade with Germany, driving it into the hands of neutrals.

Statistics recently published show that in 1913 of the total British trade done with Germany, France, Russia, Holland, Belgium and Denmark fully half was done with Germany and Russia. Only one-fifth of the trade was done with Germany and Russia in 1920.

Former Chancellor McKenna, Lord Inchcape, Walter Leaf and Frederick C. Goodenough, as well as other signatories of the manifesto, have all emphasized in speeches recently before the shareholders of the respective banks the urgency of reopening European trade for the purpose of finding markets for the huge accumulation of stocks in British warehouses.

BRITISH BANK PROFITS

Bank ENGLISH	Year Ended	Profits	Dividend	Rate
Bank of Liverpool and Martins.....	Dec. 31	£755,948	£375,822	16
Barclays	Dec. 31	2,927,523	1,420,371	14
British Mutual	Dec. 31	7,353	5,400	"
Equitable	Dec. 31	8,564	6,400	16
Lancashire and Yorkshire	Dec. 31	231,426	191,246	19
Lloyds	Dec. 31	3,237,741	1,649,297	16 2-8
London and Liverpool of Commerce.....	Dec. 31	17,807	16,800	4
London Joint City and Midland.....	Dec. 31	2,831,861	1,367,094	18
London County Westminster & Parr's	Dec. 31	2,915,708	1,115,302	18½
London Merchant	Dec. 31	60,044	45,000	6
Manchester and County.....	Dec. 31	296,077	177,457	16¼
Manchester and Liverpool District.....	Dec. 31	†561,783	347,600	18 1-8
National Provincial and Union.....	Dec. 31	2,762,513	1,369,302	16
Union of Manchester.....	Dec. 31	341,027	105,000	20
William's Deacon	Dec. 31	463,653	234,375	12½
Total		£17,399,028	£8,426,466	—
SCOTTISH—				
Bank of Scotland	Feb. 28	£309,603	£148,400	16
British Linen	Jan. 15	340,428	140,000	16
Clydesdale	Dec. 31	336,975	180,000	18
Commercial of Scotland.....	Nov. 1	302,039	157,500	14
National of Scotland.....	Nov. 1	295,310	123,200	10
North of Scotland, &c.	Sept. 30	121,349	73,024	16
Royal of Scotland.....	Oct. 11	375,139	154,000	11
Union of Scotland.....	Apr. 2	312,132	160,000	16
Total		£2,892,975	£1,136,124	—
IRISH—				
Bank of Ireland.....	Dec. 31	£546,540	£237,616	12
Belfast Banking	Dec. 31	122,403	41,708	†20 †6
Hibernian	Dec. 31	82, 92	40,000	8
Munster and Leinster.....	Dec. 31	152,308	56,000	20
National	Dec. 31	266,924	126,000	12
Northern	Aug. 31	146,764	61,417	17½
Provincial	Dec. 31	124,984	51,080	8¾
Royal	Aug. 31	48,293	16,800	18½
Ulster	Nov. 30	210,306	74,375	8
Total		£1,701,534	£699,946	21¼

†After writing down British Government securities to market value.

France

FRENCH PLAN BARTER SYSTEM

What is virtually a scientific barter system is being arranged by the French ministry of commerce for the purpose of creating new trade outlets in countries whose exchange rates make it

otherwise impossible to conduct commerce, mostly in Central Europe.

The scheme may later receive its application in other parts of the world as private commercial and industrial associations have been constantly consulted by the minister of commerce, M. Dior, who has acted in harmony with his colleagues at the public works and the finance ministries.

"Help yourself first" has been the motto of M. Dior in his negotiations, and therefore the present scheme leaves

BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve	-	-	-	Lire	383,000,000
Total Assets over	-	-	-	"	8,400,000,000

LONDON *Clearing Agents* : Barclays Bank Ltd.

New York - Italian Discount & Trust Co.

Massowa - Banca per l'Africa Orientale

Tiflis - Banca Italo Caucasica di Sconto - Rome

Zara - Banca Dalmata di Sconto

OVER 132 BRANCHES AND AGENCIES IN ITALY

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Vice-Chairmen
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Managing Director
Comm. ANGELO POGLIANTI

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Angelo Catelli

Vito Celi
Vitaliano di Capua
Nullo Muratori

Attilio Reali
Ernesto Tucci
Emilio Wirs

Every Kind of Banking and Exchange Business Transacted

to private enterprise the task of conducting commercial inquiry and propaganda. The State will not find or assure the good position of the foreign buyer. All the State will do is to provide the financial organization and insure against political unrest and fluctuation in exchange.

Trade itself is to be conducted round the new official Banque du Commerce Extérieur as follows. Exporters of France are to be urged to join export groups resembling the export associations of Germany. Each organization will have as members firms connected with a staple product, such as cotton, wool, iron, aluminum. It is not yet known how extensive these groups will be, but should they be found too cumbersome a division will be made on regional rather than sub-trade principles.

Each of these national or regional groups will then conduct foreign trade, arranging for the exchange of their own products with others they them-

selves need and can find abroad. Should it be necessary, the exported wares of one group will be balanced in the international account against the imported wares of another, these in both cases being valued in a standard coin, which will presumably be the franc.

The greatest advantage of the scheme is the reduction of a firm's expense connected with finding buyers of French commodities and making certain of their commercial integrity. The arrangement cannot become fully operative for many months to come, as the Banque du Commerce Extérieur, which was only recently founded, has, despite its title and its official object, no right as yet either to establish branches or to have its own inquiry agents abroad.

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is demanded in a memorandum by Finance Minister Doumer to his colleagues in the Cabinet. A reduction of 4,000,000 francs is necessary, he declares, compared with the current year if expenditure is to be met by revenue.

M. Doumer suggests that this be achieved by (1) suppression of numerous services and organizations created during the war whose continued existence is a peace-time abuse; (2) the bringing down to a normal figure of the excessive number of functionaries and auxiliaries whose positions, also due to war conditions, are now unnecessary; (3) administrative reforms aiming at increased simplicity and the abolition of cumbrous, expensive formalities; (4) the greatest economy in the use of material, and (5) postponement of public works, even of a useful productive character whose immediate execution puts an extravagant burden on the treasury in view of the present abnormally high costs.

THE FRENCH BOND ISSUE

A new bond issue of \$100,000,000 for the French government has been marketed in the United States. The issue is for twenty years and the interest rate is $7\frac{1}{2}$ per cent. The bonds were marketed at 95 per cent., making the interest rate more than 8 per cent.

The ready sale of the bonds no doubt was aided by the record established by France in working back toward normal peace conditions.

"Since the end of 1918," an announcement by Brown Brothers & Co. states, "France has steadily increased industrial and agricultural production, constantly reducing its demands for foreign products until, during the first three months of 1921, its exports have actually exceeded its imports. As indicated by available reports, this is a record which no other important nation in Europe has been able to equal. Moreover, since September, 1920, when the amount of the French

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Rotterdam

Amsterdam

The Hague

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Representative for the United States

J. G. van Breda Kolff

14 Wall Street, New York

external debt reached its highest point, the country has repaid over half a billion dollars of its foreign obligations. A large part of the work of French reconstruction has been completed. The nation has demonstrated its ability to increase production and the return to normal conditions is fully under way. With the more serious obstacles overcome, the economic future of France may be regarded with confidence."

THE LYONS FAIR

Announcement is made by Emile Garden, American representative, that the Lyons Fair at Lyons, France, will be open from October 1 to 15 next. American manufacturers are invited to send exhibits as an aid to their campaign to sell goods in Europe. Full particulars may be obtained from Emile Garden, delegate for the United States, 150 Nassau street, New York City.

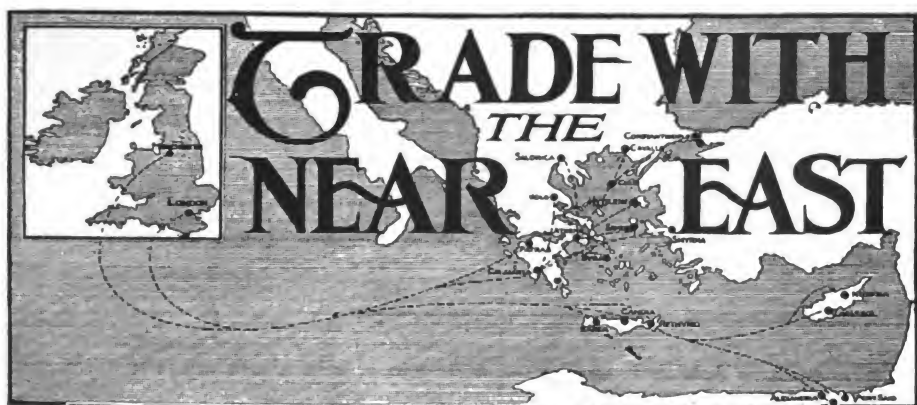
Italy

ITALIAN REVENUES INCREASE

Advices just received from Rome by Rodolfo Bolla, American representative of the Banco di Roma, in New York, show gratifying increases in revenues of the Italian treasury for the period of ten months from July 1, 1920 to April 30, 1921, the total revenue for this period amounting to 8,900,000,000 lire as against 5,800,000,000 lire for the ten months of the preceding fiscal year. Total revenues for the entire fiscal year ending June 30, 1921, will approximately reach 11,000,000,000 lire.

The special income from the new taxes levied by the last parliament is expected to exceed the sum of 3,000,000,000 lire.

Revenues from all other sources will,



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according to indications, show proportionate increases which would mean very near approach to budget equilibrium.

SITUATION IN ITALY

The Comitato Industriale Centrale, which body is undoubtedly considered the most reliable informant the public has as regards all matters of industrial statistics in Italy has, after an exhaustive investigation, compiled a report. A brief resume furnished by the Italian Discount and Trust Company, New York, follows:

Textile Industry.—While production was increased during and after the war, the fact remains that in this industry production is only 50 per cent. normal and sales only 25 per cent. Manufacturers are threatened with excess stock on hand and most factories are working on a short-hour basis.

Metal Industry.—The normal production of one million tons shows a reduction of 60 per cent. as a result of

the closing down of many foundries. The price of cast-iron has fallen from 325 lire to 125 lire a ton, which brings it to a level of less-than-production cost. There is on hand at present a sufficient supply for two months.

Chemical Industry.—Conditions here are quite unfavorable. The branch supplying agricultural needs finds a diminished demand for its product. The dyemakers are menaced by the release of German products on the market, which are permitted, as one of the conditions under the reparation agreement. The pharmaceutical industry, although it enlarged its plants and was prepared to work on a larger scale, is handicapped by having had to reduce its working force nearly 42 per cent.

The rubber industry also reduced its number of workers.

The paper industry finds itself in a very favorable position; supply and demand being in equitable ratios, with the prices holding fairly steady.

The electrical industry shows a de-



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Capital paid up and Surplus . Lit. 170,000,000.00

Resources Lit. 5,000,000,000.00

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Anzio	Centallo	Luserna S. Giovanni	Prato P. Pelligna
Aquila	Ceva	Marciana Marina	Rapallo
Arcidosso	Chiusi	Merano	Reggio Calabria
Arezzo	Citta' di Castello	Mercatale	Rivarolo Canavese
Ascoli Piceno	Clusone	Messina	Rocchetta Ligure
Assisi	Colle Val d'Elsa	Milan	Rome
Aversa	Como	Modica	Rovigno
Avezzano	Cornigliano Ligure	Mondovi	Salerno
Bagheria	Cortona	Monteleone di	S. Benedetto
Bagni di Casciana	Cotrone	Calabria	del Tronto
Bagni di Lucca	Crema	Montesampietrangeli	Sansevero
Bagni di Montecatini	Cremona	Monte San Savino	Sant' Antiocho
Bagni di S. Giuliano	Cuorgne'	Monte Urano	Santa Margherita
Bari	Dogliani	Montevarchi	Ligure
Bastia Umbra	Fabriano	Naples	Santa Maria
Benevagienna	Fermo	Nardo'	degli Angeli
Bergamo	Fiesole	Nettuno	Saronno
Bibbiena	Figline Valdarno	Nocera Inferiore	Sassari
Biadeglia	Fiume	Norcia	Savona
Bologna	Florence	Novi Ligure	Segni-Scalo
Bolzano	Foggia	Oneglia	Siena
Borgo a Mozzano	Foligno della Chiana	Orbetello	Signa
Bra	Folligno	Orvieto	Siracusa
Brescia	Forte del Marmi	Orsinuovi	Squinzano
Cagliari	Fossano	Ostuni	Tagliacozzo
Caltagirone	Frascati	Pagani	Terranova di Sicilia
Camaloro	Frosinone	Palermo	Tivoli
Campiglia Marittima	Galliano	Pallanza	Turin
Canale	Gallipoli	Paranzo	Torre Annunziata
Canelli	Genoa	Perugia	Torre del Passeri
Carate Brianza	Giugliano in Campania	Piadena	Torre Pellice
Carloforte	Grosseto	Pietrasanta	Trento
Carru'	Gualdo Tadino	Pinerolo	Trieste
Casalbuttano	Gubbio	Plombino	Velletri
Castellamonte	Intra	Poggibonsi	Viareggio
Castelnuovo di	Ivrea	Pontecagnano	Viterbo
Garfagnana	Lanciano	Pontedera	Volterra

COLONIAL BRANCHES

Bengasi (Africa), Tripoli (Africa), Rhodes (Asia)

FOREIGN BRANCHES

England: London (Representative). France: Paris, Lyons. Spain: Madrid, Barcelona, Tarragona, Montblanch, Barlas Blancas, Santa Coloma de Queralt, Valls. Switzerland: Chiasso, Lugano. Turkey: Constantinople. Malta: Valletta. Asia Minor: Adalla, Smyrna, Scalanova, Sokia. Syria: Aleppo, Beyrouth, Damascus, Tripoli. Palestine: Jerusalem, Califa, Jaffa.

AFFILIATED INSTITUTION IN EGYPT

Banco del Levante—(Capital £1,000,000)

Alexandria	Mansourah	Beni Soueff	Fashn	Magagha	Mit Gamr
Cairo	Tantah	Bibeh	Fayoum	Mehalla	Kebira
Port Said	Beni Mazar	Dessouk	Kafr El Cheikh	Minieh	Zagazig

American Representative

RODOLFO BOLLA, 1 Wall Street, New York

crease of 10 per cent. in consumption.

A careful report on the labor situation shows approximately 145,000 unemployed, and 300,000 working on part time.

CREDITO ITALIANO

The annual report of the directors of the Credito Italiano, Milan and Genoa, Italy, shows gross profits for 1920 of 168,731,327.35 lire. The net profits, after deducting interest, taxes, general charges and discount of 128,560,323.65 lire, was 40,171,003.70 lire. Upon adding 1,379,616.10 lire, brought forward from 1919, there was available for distribution 41,550,619.80 lire. Of this amount, 15,000,000 lire was apportioned to the extraordinary reserve. A dividend of 9 per cent. was declared on the paid up capital, leaving 2,443,779.65 lire to be carried forward to this year. The bank's capital is 300,000,000 lire, reserve fund, 65,000,000 lire, and resources 5,049,430,667.50 lire.

Germany

REPARATIONS COMMENT

The effect and method of the reparations settlement, together with its bearing upon the United States and Allied countries, are discussed as follows by the Guaranty Trust Company of New York:

"Germany's complete acceptance on May 10 of the Allies' reparation demands was an event for which the whole world had long been waiting. While the United States will not participate in the reparation payments, this country ultimately will be affected indirectly, as the Allied nations will be affected directly, by the economic reactions which result.

"The conscientious meeting 'without reserve or conditions' of Germany's obligations as defined by the reparations commission will, of course, be a very material factor in the stabilization of

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Surplus and Undivided
Profits - - - \$621,000

OFFICERS

CHARLES A. HOLDER - President
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E. B. MACKENZIE - Sect'y & Treas.

universal economic conditions. And the fact that the German Government informed the reparations commission on May 17 that it was prepared to pay immediately 150,000,000 gold marks (\$37,500,000) on account of the billion which the commission on May 15 ordered Germany to pay within twenty-five days was interpreted generally as an earnest of the good faith of the German Government. European exchanges promptly reflected the agreement, several of the currencies reaching new high levels for the year, doubtless in part a result of mere speculation.

"It may be advisable, however, not to be over sanguine as to prospective results from Germany's apparent final surrender. The immediate effect will probably be more psychological than material in character, and those who expect a sudden and widespread revival of business as a consequence of

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Head Office, London



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[Yokohama Shokin Ginko]

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Capital Subscribed Yen 100,000,000
 Capital paid up Yen 100,000,000
 Reserve Fund Yen 53,000,000

(\$0.50=1 Yen)

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Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
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Buenos Aires	Fengtien	Honolulu	Manila	Rangoon	Singapore	Tsingtau
Calcutta	Hamburg	Kalyuen	Nagasaki	Rio de Janeiro	Soerabaya	Vladivostok
Changchun	Hankow	Kobe	Newchwang	Saigon	Sydney	

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New York San Francisco Los Angeles Seattle

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the agreement are likely to be disappointed. It will not of itself rehabilitate the credit or finances of any country, although it should eventually help to do so. But we should bear in mind that the situation in Europe and throughout the world can be fundamentally improved only by the slow, sure operation of inexorable economic forces.

"There remains, too, the more difficult problem of collecting the reparation payments in such a way as not to derange further the European economic system. It is the judgment of most authorities that the indemnity payments following the Franco-Prussian War of 1870 benefited the defeated nation more than the victors. As our object is the restoration of a genuine peace, in which Germany to the best of her ability will make adequate reparation for the harm done by her, it is most important that she preserve the economic capacity to fulfill her obligations. To secure this end without en-

couraging the domination of Europe by any country will indeed be the task of statesmanship.

"Nevertheless the acknowledgment by Germany of her reparations obligations constitutes an important step forward in the readjustment of world conditions on a new peace basis. The uncertainty attending the long delay in reaching a final agreement as to the amount to be paid in reparations has been hurtful in many ways. The settlement should mark a definite advance in the prosperity of the German nation.

"The reparation payments for the most part must in effect be made with commodities exported from Germany in excess of her imports. Her success in making available the necessary excess of exports will depend not only upon the productive capacity of the country itself but upon the extent to which other nations allow international trade to take its normal course. Obviously, it will be of special advantage to those nations which have claims against Ger-

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An American Bank for Trade with the Orient

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Surplus and Undivided Profits more than \$2,000,000

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MANILA
SINGAPORE

This Corporation invites conferences with those desirous of entering into trade relations with China or other sections of the Orient, as well as with firms who wish to extend their business with those countries.

many if she is encouraged to expand her trade. And the more her exports grow the greater will be her capacity to utilize what the other nations will have to sell."

INCREASE IN OUR TRADE WITH GERMANY

Whatever may be the general effect of the reparation agreement upon the general trade of Germany it is quite apparent, says a statement by the National City Bank of New York, that United States sales to that country in the fiscal year 1921 will be bigger than in any year in the history of the trade between the two countries.

Prior to the war the United States was selling to Germany about \$300,000,000 worth of merchandise a year, making the highest record in 1918, \$352,000,000, having ranged from \$258,000,000 in 1910 up to \$352,000,000 in 1913, while the figures thus far received on trade for the fiscal year 1921 indicate that the total of exports

to Germany will reach or perhaps exceed \$400,000,000. In the nine months ending with March, 1921, they were \$312,000,000, or more than to any European countries except Great Britain and France, and were running in recent months at over a million dollars a day, suggesting that the total for the twelve months ending with June 30 will probably exceed \$400,000,000 as against the high water mark of \$352,000,000 in 1913.

On the import side the total from Germany to the United States in the fiscal year 1921 will probably amount to about \$100,000,000 against \$185,000,000 in the year immediately preceding the war. While nothing can yet be determined as to the effect of the proposed tax of 26 per cent. on the value of Germany's exports, there is reason to believe that the merchandise which she is sending to the United States will total for the fiscal year 1921 about \$100,000,000 in value, the total for the latest available month,

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**ATLANTIC
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NEW YORK CITY



March, having been \$7,368,000 as against only \$4,952,000 in February, 1921, thus indicating a rapid growth in imports from Germany.

Far East

CHINESE BANKING DEVELOPMENT

"The rapid progress being made by Chinese financiers and banks is one of the most encouraging signs of China's renovation today," writes Prof. Jeremiah W. Jenks, director of the Far Eastern Bureau.

"Twenty years ago Chinese banking was wholly untouched by modern progress. Even at the close of the Manchu rule the progress had been slow indeed in breaking away from the established native system, excellent as that was for that day, but totally inadequate for

the needs of a new and modernized China. Yet at the present time we have to deal with a thoroughly modernized group of Chinese financiers, many of them fully as competent as our own specialists in money and banking to handle the affairs of their country, and the creation of the so-called modern Chinese banks, in contrast to the old banking regime, has gone so far that we have the consortium of American, French, British and Japanese interests considering the possibility of dealing with a Chinese group representative of the new financial order in the Chinese Republic.

"The chief objection, indeed the only one of real importance, to admitting a group of Chinese bankers to full membership in the consortium would seem to be the impossibility of marketing Chinese bonds in China at rates as favorable as could be secured in Europe, Japan or America—not at all the competence or standing of Chinese bankers.

"As in the political world, the

younger generation of Chinese is going more and more into the Chinese banking and commercial world with Western equipment. This trend of the younger men is broadening the course of Chinese trade and at the same time making necessary a thorough-going revision of the native banking system. The old order of Chinese banks is on the decline. But no longer are the foreign banks having the field of development along modern financial lines entirely to themselves."

GROWTH OF JAPANESE SAVINGS

The Japanese postal savings banks, which are peculiarly institutions for small savers such as domestic servants and day laborers, enjoyed exceptional prosperity during the war period, according to a recent issue of *The Trans-Pacific*. At the time the war began deposits ranged under Yen 200,000,000, from which level they have risen to over Yen 800,000,000. Several postal authorities are of the opinion that in a short time such deposits will pass the Yen 1,000,000,000 mark.

According to official reports, the total deposits of savings banks, which likewise cater to small savers, also stand at about the level of Yen 800,000,000, or roughly five times as much as at the beginning of the war. It is estimated that petty savings accounts ranging between Yen 100 and Yen 200 now reach a total equal to half the national indebtedness of Japan, and most of this has been accumulated in the last five or six years. This is a tribute to Japanese thrift.

LAMONT SCORES CRITICS OF JAPAN

Thomas W. Lamont of J. P. Morgan & Co., New York, has denied reports from abroad that the Japanese banking group was not playing fair with the American group in the Chinese Consortium.

The denial was made before a gathering of Americans and Japanese at a luncheon in the Lawyers' Club, given

by the Japan Society in honor of the Japanese parliamentary delegation visiting this country.

Rumors of trouble between Japan and America over the economic development of China were revived when the return of Frederick W. Stevens, representative of the American banking group in China, was construed in some quarters as meaning the end of the consortium and the probable ascendancy of Japanese interests in China.

"I am glad to add my word of welcome to these distinguished citizens of Japan," said Mr. Lamont. "To Americans visiting Japan the hospitality of our friends there is so gracious and so generous that it dwarfs our efforts here, rendered somewhat meagre by reason of the rush and whirl in which we live. I must beg our visitors not to believe that our regard for them is as limited as the time that we place at their disposal.

"My own recent visit to Japan was made in the effort for cooperative action for the benefit of China. One result of the organization of the consortium for the assistance of China was the formation of this partnership among the investment interests of America, Japan, England and France, and it is certain that if that partnership is to function it must be based upon complete confidence on all sides. Mischief makers are constantly stating that they have reason to believe the Japanese banking group is not playing fair with us. I have denied, and am glad here today to deny again, any such report. The Japanese banking group is playing the game as fairly as the groups of America, Great Britain and France.

"The chairman of the Japanese Parliamentary Committee has made one very significant statement to us. He has said that as a result of the momentous events of the last few years a change has come in opinion in Japan—a change not less important than that in many other countries of the world. The chairman has said to us, in effect, that the Japanese people are convinced that militarism is no longer to rule the

War Finance in Canada



HOW the Dominion faced her war finance problems is the subject of an interesting review by the Right Hon. Sir Thomas White, K.C.M.G., Canadian Minister of Finance from 1911 to 1919, and now a Vice-President of this Bank.

WE shall be glad to send you a copy upon request.

The Canadian Bank of Commerce

Paid-Up Capital \$15,000,000

Reserve Fund \$15,000,000

HEAD OFFICE: Toronto, Canada

world and that the Japanese people are not to be persuaded to militarism by any group or clique in their country. This is indeed a statement welcome to all lovers of peace in America and throughout the world. Now, the chairman of this distinguished Japanese delegation states that those ancient memories are henceforth to be put into the background and that Japan is to address herself to a triumph of a new order.

"There are today between America and Japan questions, some of them of small, some of them of great, importance, but none of them so serious that they cannot be settled if we sit down on both sides of the Pacific in the same spirit and in the determination, first, to know all the facts and to know them without distortion or exaggeration; next, to discuss those facts with tolerance, understanding and sympathy on both sides. If our Japanese friends will join America in such a program, then indeed we may look forward con-

fidently to a continuance of warm friendship between these two great peoples, separated only by the fast narrowing measure of the Pacific Seas, and to maintenance with Japan of a joint determination to maintain the peace of the Far East."

The speech by the chairman of the Japanese mission to which Mr. Lamont referred was delivered in Japanese by Rokusaburo Nakanishi, a lawyer and a leading orator of the Japanese Liberal Party, and translated into English by one of the secretaries of the delegation.

"Although there may be some problems between America and Japan and there may be a few radicals particularly outspoken against Japan, we feel that the American people as a whole are most friendly," he said. "The very atmosphere we feel in this country is in itself enough on which to base the foundation of international peace and harmony."

Cuba

SITUATION STILL SERIOUS

Cuba still is in a difficult position although there are some encouraging signs pointing to future improvement. The entire financial community is in a nervous condition due to the approaching termination of the moratorium. Three small private banks in Havana and one in Camaguey, Eastern Cuba, closed their doors recently. Following this information came the announcement that the Banco Espanol de la Isla de Cuba, the oldest bank in the island, with sixty branches and banking connections throughout the world, would close its doors June 6. It is understood the bank will request liquidation under the terms of the law passed January 3 last.

Former President Mario G. Menocal, in New York, took a hopeful view of Cuba's prospects.

"Cuba is all right; all she needs is a little time," he said. "How much time I cannot tell yet for that will depend upon the new banking laws which are now being drawn up. We need and are going to have something like the Federal Reserve System in the United States, which will give our currency the elasticity it needs to carry us over times like these and yet insure complete safety."

The Cuban Government is taking measures to curb sensational publicity which is regarded as the cause for several recent runs on Cuban banks and for the general feeling of panic among depositors.

American authorities on sugar, the principal factor in Cuba's prosperity, are opposed to the efforts being made by the Cuban Government through control of the sale of the island's sugar stock by a commission to keep the price up. The Federal Sugar Refining Company in a formal statement pointed out the danger of the island's losing the United States outlet for its crop if the

law of supply and demand is not permitted to operate.

A hopeful sign is the statement by prominent New York banks that they will not withdraw from the island, but will continue to carry along their usual customers until the sugar situation improves. It is estimated that the New York banks have approximately \$40,000,000 tied up in Cuban sugar, represented in loans of from \$5 to \$8 a bag of 325 pounds. This money is "frozen" until the sugar can be sold. And the Cuban planters and dealers do not appear to be in a hurry to sell and pocket the heavy losses they would suffer by getting rid of their holdings at this time.

Belgium

BELGIUM'S EXPORT CREDIT PLAN

Despite a variety of difficulties which continue to complicate the industrial situation in Belgium, a revival is noted in some industries and there is a hopeful undercurrent indicative of further general improvement, according to information received by the Guaranty Trust Company of New York. Of particular importance in Belgium's program for reestablishing her foreign commerce is an export credit plan proposed by the minister of industry, under which the Government would guarantee to the extent of 250,000,000 francs trade between Belgium manufacturers and countries suffering from depreciated exchange.

Under the new plan, for example, if a consortium of banks should wish to finance a group of engineering works for the supply of machinery to Bulgaria against Bulgarian treasury bonds at five years, the Belgian Government would be prepared to guarantee the bonds if the manufacturers would assume one-fourth of the risk. Already negotiations are under way for the disposal of the Ghent stocks of cot-



Banking Service in the Far East

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Rangoon

CEYLON
Colombo

CHINA
Canton
Hankow
Hongkong
Peking
Shanghai
Tientsin

**FRENCH
INDO-CHINA**
Haiphong
Saigon

INDIA
Amritsar
Bombay
Calcutta
Cawnpore
Delhi
Karachi
Madras
Tavoy

JAPAN
Kobe
Yokohama

JAVA
Batavia
Sourabaya

SIAM
Bangkok
Puket

SUMATRA
Medan

PHILIPPINES
Cebu
Iloilo
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Ipoh
Klang
Kuala Lumpur
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Capital and Reserve
Over \$30,000,000

ton gowns to Rumania and for the manufacture at Havre of 70,000,000 francs worth of woolen stuffs and ready-made clothing.

The preliminary arrangements under the plan would consist of a formal contract for the exchange of certain specified goods, a deposit of state securities of the purchaser country or of guarantees of reliable banks, the intervention of the Belgian traders to the extent of their risk, and the undertaking on the part of the manufacturers to produce subject to the labor conditions laid down by the Mixed National Industrial Commission. The Government, in allocating credits, will be guided by an advisory board composed of bankers, delegates from the Central Industrial Committee, trade union delegates and officials of the Treasury and other Government departments.

The Belgium Recuperation Commission in Germany has announced that money, bills and papers to the value of 2,575,700,000 francs have been re-

stored, besides 89,000 tons of machines valued at 240,300,000 francs, and 8,200 tons of raw materials valued at 11,500,000 francs. Machines, horses and railroad materials worth 100 million francs are still to be restored.

Scandinavia

CONDITIONS IN NORTHERN EUROPE

Expectation of returning prosperity in the countries of northern Europe is based in large degree upon business improvement in the United States, according to A. E. Lindhjem, representative in Scandinavia of the Irving National Bank, who has arrived in this country on a vacation and business trip.

"So definitely does this feeling prevail among Scandinavians," he said,

BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

BRANCHES IN COLOMBIA:

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Bucaramanga	Girardot	Ocana
Cartagena	Honda	Riohacha
Cienaga	Magangue	Santa Marta

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"that business men follow every change in American affairs with the utmost interest. Whatever happens here, they believe, has a far-reaching effect on other countries, and they look to the United States as the most influential factor in restoring normal conditions. Incidentally, they feel that the United States should not erect a tariff wall against their products. The common view is that since Americans have sold all the goods Scandinavia can absorb, we ought not to put a tariff handicap on return sales to us.

"Formerly there was more cooperation among the Scandinavian countries and their interests were closely related. Recently the situation has changed somewhat. Varying rates of exchange and dissimilar commercial conditions have created new problems, and now each country is working out its own salvation. To some extent they are competing with one another.

"In Sweden, industry has been hurt considerably by German competition.

Swedish employers have been accustomed to making long contracts with labor. Wages, therefore, are still high, and living expensive. In Germany, on the other hand, wages are comparatively low. With cheaper labor and the lower value of the mark, the German can send many products into Sweden and undersell the natives.

"There is another side to the picture, however. Large gold shipments to this country have had a beneficial effect upon exchange, an effect not wholly welcome to Swedish exporters. Sweden's natural resources are great. Business generally is well in hand, and will react to any improvement in the United States and elsewhere. There has been some talk of a tariff to protect home industries, and a movement in that direction was under way when I sailed.

"In Norway, affairs are improving slowly and as soon as favorable market conditions are restored there will be an outlet for some of the products

Ernesto Tornquist & Co.

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Established in 1830

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\$14,937,988.98 Argentine Gold
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We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

We will be Pleased to Serve You in All Business Relations with the Argentine and Contiguous Countries

CORRESPONDENCE IN ALL LANGUAGES INVITED

of Norwegian industry. When I left, a strike among the seamen in the coast-wise traffic was in progress, but labor difficulties are believed to be temporary.

"There are signs of betterment also in Denmark, although production has been slowed up by the import of German goods. Merchants are cautious in their buying. The price decline of a few months ago was a hard blow to many houses which had large stocks of goods. There is a feeling the price decline may continue and in consequence, the merchants are buying only for immediate needs.

"Finland's export trade, like Germany's, is aided by the depreciation of its exchange. There has been some talk in Sweden of making a loan to Finland to improve the exchange situation.

"On the whole, the attitude of Scandinavia is distinctly friendly to America and favorable toward trade with this country. American products are popular and if we can meet the prices

of our competitors, our sales will grow."

South America

BRAZIL ORDERS EXCHANGE BUSINESS STOPPED

The New York agency of the Banco Nacional Ultramarino, 93 Liberty street, has received from its Rio de Janeiro, Brazil branch, cable advice to the effect that exchange business between banks has been forbidden by the Brazilian Government and that hereafter the only transactions in foreign exchange permitted between banks would be the purchase and sale of checks to cover imports and exports.

Joseph McCurrach, agent of the bank here, expressed the opinion that this action would have the effect of stimulating the exchange market be-



Wherever Portuguese is Spoken

Fifteen million persons use the Portuguese language as a means of commercial intercourse. Every country where Portuguese is spoken is reached directly through the New York Agency of the Banco Nacional Ultramarino. This institution maintains 78 branches in Portugal, Brazil, East and West Africa, India and the Far East as well as in London and Paris, and has behind it a record of 57 years in international trade.

THE STATE BANK OF THE PORTUGUESE COLONIES

BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty Street

Head Office: Lisbon, Portugal

cause, in large part, it would eliminate speculation. He said that the bank had been instructed to send no more rates to South America.

The same measures were resorted to during the war and it was only in the last year or so that private exchange transactions, which may have been of a speculative nature, were permitted. It is the general belief here that the action of the Brazilian Government is a temporary expedient and that it will be rescinded when conditions in Brazil become more settled.

IMPROVED CONDITIONS EXPECTED IN ARGENTINA

Argentine commerce has hit rock bottom, and the coming months will witness a remarkable and healthful adjustment of the affairs of that country, in the opinion of Charles A. Gunn, manager of the American Express Company's Buenos Aires offices, who has just returned to New York after

a period of more than four years in South America.

Mr. Gunn is convinced that there will be no further declination of business in the Argentine. On the contrary, he feels that the government pronouncement with respect to an additional export tax on wheat, pending which decision there was a tremendous slump in wheat trading and consequently in all phases of the nation's commerce, will react favorably on the whole republic.

He has no misgivings concerning the millions of dollars worth of merchandise now choking the warehouses at Buenos Aires, for he feels that when buying is renewed in earnest it will be a comparatively short while before the customs houses will be completely cleared.

The arrival in Buenos Aires of German steel and glass products Mr. Gunn believes to be an exceedingly good sign. Furthermore the prospects for a bumper crop of corn are bright.



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SURPLUS
\$3,000,000**

"It looks as though we should export vast quantities of corn this year," declared Mr. Gunn, "which will be quite a contrast to the year before last when we used corn for fuel instead of coal."

THE PERUVIAN MORATORIUM

Further advices were received recently by the department of commerce of the United States on the action of the Peruvian Government in establishing a partial moratorium on bank debts. This action was taken, it was said, to limit speculation and to restore a healthy commercial condition in the country.

The cablegram to the department received from Acting Commercial Attache D. Waters at Lima, quoting the statement of explanation of the President, declared:

"Several decrees affecting banking operations and interest rates recently issued by my Government were drawn up at the instance of the commercial community, which has urged repeatedly that the measures be

taken to prevent speculation in foreign exchange, and also to curb the usurious interest rates which were rising through the dangerous introduction of speculative elements in legitimate enterprises throughout the country.

"It was accordingly agreed that 10 per cent. should be established as the maximum interest rate chargeable by banks. The result is that only one bank in Lima has announced withdrawal of outstanding loans and the remaining refuse to support the ill-advised course of this institution. However, the action of this bank necessitated issuance of a decree to protect the commercial community from forced liquidation and to make provisions for amortization of outstanding loans in installments of 10, 20 and 30 per cent. over a period of thirty, sixty and ninety days.

"The degree to which speculation has been carried is shown by recent variations of between 2 to 20 per cent. within twenty-four hours. Steady improvement in business during the last three months shows that the sequence

of decrees issued was not a consequence of increasing commercial difficulties in Peru, as interpreted by a telegram proceeding from the United States, but for the purpose of limiting speculation and reestablishing a healthy commercial condition."

VENEZUELA SEEKS AMERICAN TRADE

The greatest drawbacks to development of trade between the United States and South America are the American short term credit system and the lack of cheap transportation, Dr. Esteban Gil-Borges, minister of foreign relations of Venezuela, declared on a recent visit to the United States.

"We need what America has and you want what we have," Dr. Gil-Borges said. "We need machinery, especially for mining and agriculture. We have much raw material such as hides and metal to export. A good transportation line is needed to exchange these goods.

"We have paved the way for larger commercial relations with foreign countries by developing our waterways and harbors and improving our roads. Now we are looking to the new American merchant marine to develop trade and hoping for a lengthened credit term to facilitate business transactions."

The six months' credit term granted by Europe compared with the three months' term allowed by America and transportation costs from 25 to 35 per cent. cheaper between European ports and Venezuela than American rates worked to the disadvantage of American trade, Dr. Gil-Borges said.

Central Europe

DECLINE IN SWISS EXPORTS

Swiss customs receipts show by their heavy diminution for the first four and a half months of 1921 that the trade crisis which was beginning to be seri-

ously felt in 1920, is steadily becoming worse. Moreover, Swiss exports for the first quarter of 1921 show an alarming decrease in comparison with the last quarter of 1920. They fell from 700,000,000 to 495,000,000 gold francs, the exports of silks and embroidered goods having decreased to 56,000,000, that of watches to 50,000,000, and that of dyes to 14,000,000 gold francs. Exports of aniline dyes are decreasing because during the war Germany could not export them and Switzerland had virtually a monopoly of them, which she is now fast losing.

The principal boot and shoe making factory in Switzerland, which uses entirely American machinery, intends to close its works on June 15, but hopes to resume work by July 1 with a limited number of hands. This firm, during the war, had the virtual monopoly of the Central European boot trade.

CONDITIONS IN CZECHOSLOVAKIA

The report of the directors of the Bohemian Industrial Bank of Prague, Czechoslovakia, for 1920, declared in part:

"From the economic standpoint, last year represented the continuation of our struggle in repairing the enormous damages perpetrated by the world war. Although our country, in comparison with other so-called successive states formed on the territory of former Austria-Hungary, is in the best order politically, socially and economically, as is generally agreed to by all foreign observers, still there is need of more arduous application to hard work before we will attain the desired degree of economic development and social contentment.

"The depreciation of currency is the bitterest legacy left by the war to all newly created states in Central Europe. It handicaps the importation of raw materials, badly wanted articles or victuals from the western markets, by making the prices prohibitive. It also interferes with our export to our natural markets, mostly located in the eastern states, where the exchange is still

National Bank of Commerce in New York

ESTABLISHED 1839

STATEMENT OF CONDITION

JUNE 30, 1921

Resources		Liabilities	
Loans and Discounts	\$291,204,674.06	Capital Paid up	\$25,000,000.00
U. S. Certificates of Indebtedness	22,332,017.60	Surplus	25,000,000.00
Other Bonds and Securities	9,474,272.44	Undivided Profits	9,494,815.97
U. S. Government Securities		Deposits	386,379,208.60
Borrowed	2,500,000.00	U. S. Government Securities Bor-	
Stock of Federal Reserve Bank	1,500,000.00	rowed	2,500,000.00
Banking House	4,000,000.00	Reserved for Interest and Taxes	
Cash, Exchanges, and due from		Accrued	3,879,634.36
Federal Reserve Bank	119,915,666.38	Dividend Payable July 1, 1921	750,000.00
Due from Banks and Bankers	5,956,932.27	Unearned Discount	2,093,033.56
Interest Accrued	843,901.41	Letters of Credit and Accep-	
Customers' Liability under Let-		tances	30,789,105.47
ters of Credit and Acceptances	29,858,333.80	Other Liabilities	1,700,000.00
	\$487,686,797.96		\$487,686,797.96



lower. The immense territory of Russia, a former inexhaustible source of supply of victuals or raw materials, is for the present completely excluded from the economic calculations. Likewise it is closed as a market for manufactured articles. With the close of the year, the industrial crisis caused by the diminution of sales grew more serious here, as in the rest of the world.

"Our state had avoided, in spite of serious difficulties, the printing of additional not-covered paper money, thus eliminating at least one factor tending to disorganize the national monetary system. As a matter of fact, this policy had such an effect, that instead of having surplus of money as in the year previous, when money was vainly offered for investments, the demand for ready capital was so acute in 1920 that there was a powerful tension in the money market on some occasions. Another cause for the tightness of the money market was the unprecedented hoarding of money, especially by the

farmers, keeping from circulation a considerable share of all currency."

PLAN FOR REMITTANCES TO POLAND

The delays and dangers incidental to making remittances to Poland have been entirely eliminated by a plan which the Polish Government has recently completed. This arrangement provides that such remittances shall be sent on official forms of the Polish Government and will enable any bank or foreign remittance agent in the United States to sell remittances to Poland at reasonable rates. It will also assure their safe and quick delivery or a refund to the sender.

These remittances will be paid promptly at any post-office or remittance point in Poland. If for any reason the person to whom the money is sent cannot be found, the full amount in dollars, less a service charge not exceeding 5 per cent., will be returned promptly to the sender here.



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The Travelers Cheque Exchange Order

As the originators of the Travelers Cheque, thirty years ago, it has remained to the American Express Company to initiate many improvements in this safe and convenient means of carrying funds in traveling. The latest of these is the

TRAVELERS CHEQUE EXCHANGE ORDER

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Travelers Cheque Exchange Orders are convertible into Travelers Cheques only; and only by the individual owner whose signature they bear. They are not negotiable for cash. Converting offices here, and in foreign lands, are listed on each Order. They are sold in the same manner, under the same conditions, and at the same fee, one-half of one per cent, as Travelers Cheques; and are bound in the same pocket case.

Banks now offering American [Express] Travelers Cheques will be first provided with this additional protective and convenient service.

Travelers Cheque Exchange Orders are an exclusive feature of the American Express Travelers Cheque System.

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231 St. James Street, Montreal, Canada

INTERNATIONAL BANKING—SHIPPING—TRAVEL AND FOREIGN TRADE

In accordance with instructions issued by the Polish minister of finance, all remittances except United States money orders must be sent on official Government forms. For the purpose of handling the details of the transaction the Polish Government has designated the Guaranty Trust Company of New York its agent in America for distributing these official forms to banks and remittance agents throughout the United States, for clearing remittances, and for computing jointly with the Polish Government the rates of exchange.

PLAN FOR AIDING AUSTRIA

The financial committee of the League of Nations has reached the conclusion that if other nations will help, Austria can be set on its feet again.

One essential condition is that the Governments entitled to reparations under the treaty of St. Germain and to the repayment of loans granted for relief purposes shall postpone their claims for twenty years and that any fresh loans contracted during the first five years of that term shall have priority over these liens. Partial assurances that this will be done have been received already from Great Britain, France, Japan and Czechoslovakia. The committee is awaiting with the greatest interest the attitude which the United States will assume in regard to this and other parts of its proposals.

In order to rehabilitate Austria the committee has told the Austrians that they must agree to certain things. They must balance their budget, must abolish the food subsidies, must cut down their huge civil service and must try to remove the customs barriers which have grown up between Austria and the succession states. In order to balance the budget an internal loan will be necessary and if this is raised it will be possible to begin to deflate the paper currency.

Czechoslovakia has already signed a trade agreement with Austria by which each state grants to the other the most

favorable nation treatment and it is hoped that further progress will be made along that line by all the succession states at their forthcoming economic conferences.

It is not suggested that the new loans, either temporary or permanent, should be granted by Governments. The committee has reason to believe that if only the essential conditions—namely, postponement of the treaty liens and the balancing of the budget—be complied with it will be quite possible to raise the money required from private sources. It has gone with care into the resources that Austria can offer as collateral. There is a prospect of a four per cent. mortgage on all real estate within the republic and of liens on the customs receipts, the tobacco monopoly and perhaps the proceeds of the state forests.

The committee is convinced that these afford ample security, but the pivot of the entire scheme is the bank of issue. On it will, of course, depend the retirement of the present hopelessly debased currency and the regulation of new currency. Confidence in its strength and integrity is essential. So it is proposed that about half the capital should be subscribed from abroad, and that due representation on the board should be given to these outside interests.

HUNGARIAN FINANCIAL CORPORATION REORGANIZED

American Consul Edwin C. Kapp at Budapest has cabled that the American Hungarian financial syndicate under the name of the "Hungarian Financial Syndicate," composed of nine banking organizations, has been reorganized.

Although not an official institution, it is said to be closely in touch with the Government and will specialize on all matters of major importance in connection with foreign financial relations. He further reports that a French group is said to have begun negotiations with the Hungarian Government on the subject of commercial and industrial exploitations of the

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and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDEHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (Eng.), HUDDERSFIELD, etc., etc.

(35=£)

Nominal Capital . . .	\$12,500,000
Paid-up Capital . . .	3,750,000
Reserve Capital . . .	3,750,000
Subscribed Capital . . .	7,500,000
Reserves . . .	2,825,000
Surplus over Liabilities . . .	<u>10,325,000</u>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

Danube, in which French capital desires to participate.

RUMANIAN RECONSTRUCTION

Since July 1, 1920, the following progress was made in reconstructing the war devastated regions in Rumania, according to A. Heiger, New York agent of Banca Marmorosch Blank & Company:

Damages due to war devastation:
22,449 houses destroyed.
37003 houses damaged and ruined.
24,988 stables and grain warehouses destroyed.

11,023 stables and grain warehouses damaged and ruined.

Progress in reconstruction is as follows:

2,806 temporary dwellings built.
345 new houses built.
721 new houses under construction.
7,749 houses repaired.
8,701 stables and grain warehouses constructed.

Building material, agricultural implements, cattle, carts, etc., were, in addition, distributed to the war-stricken population.



International Banking Notes

The New York Agency of the Anglo-South American Bank, Ltd., has received cable advices from its head office in London announcing that a controlling interest in the Banque Generale Belge has been jointly acquired by the Anglo-South American Bank, Ltd., and the Sociedad Anon Bunge of Antwerp.

The Banque Generale Belge was established in 1901 when it absorbed the banking house of Messrs. A. De Lhoneux and Company which was founded in 1860. The bank at present has a capital of 25,000,000 francs, reserve fund 10,450,000 francs and on December 31, 1920 had deposits of 205,069,000 francs, cash in hand 33,249,000 francs, bills receivable 30,513,000 francs. Additional 25,000,000 francs capital will be subscribed by the Anglo-South American Bank, Ltd., and the Soc. Anon Bunge.

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.



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Reserve Funds 4,900,000.00

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Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

which, with the shares already held by the latter, will give a controlling interest in the bank to the two concerns participating in the transaction.

⊙

Rumania during 1920 exported agricultural products, petroleum and timber aggregating 1,238,550 tons, compared with 108,879 tons in 1919. The tariff commission of the finance department has under study a project for a considerable reduction in the export tax for crude petroleum and petroleum derivatives.

⊙

The director of the "Banco Hipotecario Asuncion, Uruguay, has informed the ministry of finance that the sum of \$300,000 (Uruguayan gold), being the profits of that institution for the past year, is at the disposal of the Government.

⊙

Rich gold deposits have been found in Transylvania, one of the provinces of Rumania. A stock company of five million lei has been formed for the exploitation of these deposits, according to the New

York agency of Banca Marmorosch, Blank & Company, of Bucharest, Rumania.

⊙

Establishment of a mortgage bank in Palestine is the subject of negotiations now going on between Zionist authorities and the joint distribution committee for American Jewish Relief, it is learned here on good authority. The committee, it is declared, is ready to assist by subscribing \$400,000 to the project.

⊙

In the wake of many society women going into business comes the announcement that Miss Anne Ieddell Seward, daughter of George W. Seward, for many years United States Ambassador to China, and a grandniece of William H. Seward, who was Secretary of State in the Lincoln Cabinet, has taken charge of a new bureau established in Paris by the Park Union Foreign Banking Corporation of 56 Wall street.

Miss Seward has a background of technical and financial training. During the war she was associated with William Harding and Fred I. Kent, vice-president of the Bankers Trust Company, in the work of

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

		(\$=£1.)
CAPITAL (Authorized)	- - - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - - -	15,000,000
PAID-UP CAPITAL	- - - - -	10,200,000
RESERVE FUND	- - - - -	10,500,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VASSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARBS BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Macao, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. **URUGUAY:**—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2123 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago, Antofagasta. **UNITED STATES OF COLOMBIA:**—Bogota. **PARAGUAY:**—Asuncion.

Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

the Federal Reserve Board, as head of the research department, division of foreign exchange.

The bureau of which Miss Seward is in charge is at 1 Rue Taitbout, Paris, and she will look after all matters relating to letters of credit and foreign exchange.

◎

The directors of the Dresdner Bank, Dresden, Germany, according to cables received by the New York representative, have agreed to a proposal by the officers to declare a dividend of 12½ per cent. for the year 1920, compared with 9 per cent. the year before. It was also decided to add 30,000,000 marks to reserve and to increase the capital stock by 90,000,000 marks, the latter to be offered to shareholders on the basis of one new share for each three now held. This new capital will receive dividends for 1921. The present capital and reserve is 340,000,000 marks, which with the 30,000,000 agreed upon will be increased to 370,000,000 marks. This will be further increased to 510,000,000 marks by the sale of the 90,000,000 marks new capital and the premium of 56½ per cent., which will be obtained through the sale of

this stock, which will amount approximately to 50,000,000 marks.

◎

The Darmstadt Bank of Germany has raised its dividend from 8 to 10 per cent, transferring 30 millions to the reserve fund.

◎

Polski Bank Przemyslowy (Banque Industrielle de Pologne) on January 1, 1921, increased its paid-up capital to 140,000,000 Polish marks, from 70,000,000 Polish marks. This bank formerly was the Banque Industrielle pour le Royaume de Galicie et Sodomerie Avec le Grand Duché de Cracovie.

◎

The Danziger Bank und Handelsgesellschaft, A. G., which was opened April 1, 1920, has decided to increase its capital to Marks 10,000,000 (German). The initial capital of Marks 300,000 was raised to Marks 1,000,000 in July, 1920. It is reported the new stock has been taken over at 110 by an international group under British leadership. The bank, during the nine months of 1920 it was in operation, earned a net profit of Marks 270,000 from

*"The Swedish Bank
of Commerce"*

Svenska Handelsbanken
STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

which an 8 per cent. dividend was paid. The increased capital is to enable the banks to finance export trade to Poland on an extensive scale.



The Polish-American Society is organizing an American-Polish Chamber of Commerce and Industry. Many important American and Polish firms have joined the chamber. The entrance fee is reported as 5,000 Polish marks and the annual membership fee, 20,000 Polish marks.



The name of the Swiss Banking Association of Zurich, Switzerland, has been changed to the Union Bank of Switzerland. The French style for the bank's title is "Union de Banques Suisses."



At a meeting of the directors of the Mexico City Banking Corporation, S. A., Mexico City, held May 31, 1921, Lewis L. Clarke, president of the American Exchange National Bank of New York, was

elected a director of the corporation. The appointment of Mr. Clarke reflects the active interest being taken by prominent financial institutions in the commercial affairs of the Republic of Mexico. The American Exchange National Bank, of which Mr. Clarke is the head, has a capital and surplus of over \$13,000,000, with total resources of \$175,000,000, it being one of the most prominent and progressive banks in the United States.

Other directors of the Mexico City Banking Corporation are: S. S. Furman, of Messrs. Kountze Brothers, bankers, New York; Harvey A. Basham, attorney-at-law, Mexico City; Eman L. Beck, president, Mexico City Banking Corporation, S. A.; Herbert P. Lewis, F. J. Dunkerley and John Clausen, vice-presidents of the same; Henry J. Davis, president, General Equipment Company of New York; Delbert James Haff, attorney-at-law, Kansas City; Lewis Lamm, Jorge G. de Parada and Eduardo Iturbide, capitalists of Mexico City; Adolfo Prieto, managing director, Cia. Fundidora de Fierro y Acero de Monterrey, S. A.; Carl Holt Smith, manager, G. Amsinck & Company of Mexico, Inc., and

Harry Wright, president, Consolidated Rolling Mills & Foundries Co., S. A.

The Mexico City Banking Corporation operates with a paid-up capital of \$1,000,000, and was incorporated on March 27, 1920, succeeding to the business which had been successfully carried on by the Mexico City Banking Company, S. A. for a period of over seventeen years.

◎

The report of the directors of The Industrial Bank of Japan, Ltd. (Nippon Kogyo Ginko) for the half-year ended December 31, 1920, shows gross profits, including Yen 88,090,642 balance of profit and loss amount brought forward from the previous report of Yen 19,911,514,087. This was distributed as follows:

To current expenses, interest etc.	14,812,084.770
To depreciation on bonds, shares, debentures and bad and doubtful debts.....	2,839,089.490
To reserve against loss.....	250,000.000
To dividend equalization reserve	100,000.000
To dividends at 8 per cent. per annum	1,800,000.000
To remuneration of officers....	100,000.000
To balance carried forward to next account.....	510,339.827

◎

The first joint foreign and Japanese trust company has been organized in Tokio, writes Commercial Attache Abbott. This is the Frazer Trust Company, Ltd., which will take care of such cases as those involving the services of temporary assignees, commercial arbitration, reorganizations and transfers of business, liquidations and realizations, adjustments and receiverships, as well as fulfilling the function of trustees, executors or administrators. The

foreign control is joint American and British.

◎

Stockholders of the Mercantile Bank of the Americas have advanced \$35,000,000 in acceptance credits on goods on which advances have been made at 80 per cent. of their value in addition to the \$20,000,000 new cash already paid into the treasury of the bank to be compensated for later by the issuance of new stock, which will enable the bank to meet the needs of its customers arising out of the stagnation of commodity markets.

◎

The Foreign Trade Banking Corporation, organized in 1918, one of the first discount houses started to handle foreign trade, has been dissolved by consent of the stockholders. The bank has no outstanding obligations and the liquidation was a voluntary action. It had a capital and surplus of \$2,200,000.

◎

The Banca Marmorosch, Blank & Company, Soc. Anon. of Bucharest, Rumania, has just established in Vienna, Austria, a subsidiary under the name of Albert Blank & Company.

◎

The Comptoir National d'Escompte de Paris has established sample show rooms for the products of French industry in its foreign trade department at 2, Place de l'Opera, Paris. The purpose of the show rooms is primarily in the interest of export trade. Visitors are cordially welcomed and invited to make this department of the bank their headquarters for correspondence and business appointments.



Banking and Financial Industry

SPECIAL

**BANKERS
MAGAZINE**

SECTION

A Book That Will Help Your Depositors

MANY of your depositors will be interested in a new book by H. M. Webster, entitled, "Meeting the Competitive Market," just off the press. This brochure gives a clear cut statement of the fundamental business principles which must be understood, examined and utilized to meet the present business situation successfully. Let us send you a copy without obligation. We shall also be glad to mail complimentary copies to any of your friends who may be interested.

H. M. Webster & Company

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THE value of first impressions is widely recognized. Not only is the bank doorway the means through which such impressions are conveyed to the public, but it is a detail of the bank's architecture which can not be hidden, being seen by those who pass in or out or by the bank.

The new doorway of the Seaboard National Bank, at the corner of Broad and Beaver Streets, New York, by its graceful proportions and beauty of design, offers such an inviting welcome that it is difficult to pass it by—certainly not without an appreciative and friendly glance.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited



New building of The Seaboard National Bank, corner Broad and Beaver Streets, New York

New Home of The Seaboard National Bank of New York

THE Seaboard National Bank is now in its new building, at the corner of Broad and Beaver streets, New York.

Alfred C. Bossom, the well-known bank architect and equipment engineer, had full charge of the construction work throughout, and the building had the distinction of being unanimously

awarded the first prize by the Downtown League as the finest building constructed in 1920.

The new quarters are uniquely arranged, inasmuch as they have what amounts to two ground floors, one slightly above the level and one below, so that the different branches of the banking business may be cared for at

these two different levels without delay to the public. The lower level is given up entirely to the departments wherein the runners from the Stock Exchange houses and similar activities will be located. The upper level contains the officers' space, consultation

idea of putting different departments in different rooms has been abandoned.

One entire floor, the fourth, is given up wholly for storage, in addition to a space in the sub-basement. The top floor of the building is to be used for rest rooms, recreation rooms of the em-



View of bank on Beaver Street side

rooms and loan department, with its special vault, and paying and receiving tellers.

The mezzanine, second and third floors are also available to the public in certain departments where there are but a limited number of visitors daily. The bank has made the feature of eliminating divisions in the general working departments so that anyone can see over the entire floor space. The

employees and accommodations for officers, should they be required to spend the night in the bank.

Materials in the building consist of a granite base with an Indiana limestone general facade, and great polished green Rockport granite columns around the main section of the building. The style of architecture is generally Roman Corinthian and the capital of each column has a representative



Main Banking Room

seaboard animal worked up into the design.

The banking room itself is worked in Tennessee marble and bronze with American walnut fittings. The columns are made of green terrazzo, another novel feature. An effort has been made throughout this building to employ nothing but strictly American material in every detail. No imported marbles or imported woods have been used anywhere in the building. The mezzanine which goes around the upper banking room is kept open so as to provide ample light and air. From it one enters the directors' room developed in the English Elizabethan style.

TRUST AND FOREIGN DEPARTMENTS

A feature of the new building is the quarters for the newly established trust and foreign departments of the Seaboard National Bank which promise to develop into one of the most important branches of the bank's business. Authority from the Federal Reserve Board to act as executor, administrator, guardian, trustee, custodian of moneys or securities, fiscal agents, transfer agent and registrar has been granted.

It can be truly said that the Seaboard National Bank is an institution



Directors' Room

that service really built. This bank has had a remarkable growth since its organization, January 1, 1883. Its deposits have increased from \$1,542,000 to \$68,000,000 during those years. Its original capital of \$500,000 was increased November, 1905, to \$1,000,000, the increase being in the form of a stock dividend, and in April, 1921, its capital was again increased to \$3,000,000, giving the bank a capital, surplus and undivided profits of more than \$8,200,000, which proves it to be an institution that has had a normal and steady increase due to its conservative and able management in handling the business of its many depositors.

THE BOARD OF DIRECTORS

The board of directors and executive officers consist of prominent, successful business men who have long been identified in the financial affairs of the East. The Seaboard Bank was organized by Samuel G. Bayne, its president, thirty-eight years ago, and he has most successfully guided it ever since in its many well-known policies.

The present directorate consists of the following: S. G. Bayne, Howard Bayne, Robert J. Caldwell, W. K. Cleverley, Edward J. Cornish, Louis N. De Vausney, Henry C. Folger, B. L. Gill, Edw. H. R. Green, Peter McDonnell, William E. Paine, Joseph Seep, C. C. Thompson and Henry Whiton.

OFFICERS

The officers are: S. G. Bayne, president; W. K. Cleverley, vice-president; B. L. Gill, vice-president; L. N. De Vausney, vice-president; C. H. Marfield, vice-president and cashier; assistant cashiers, O. M. Jefferds, C. C. Fisher, J. D. Smith, B. I. Dadson, W. A. B. Ditto, J. M. Potts, A. A. McKenna and E. V. Nelson, trust officer.

Samuel G. Bayne, was born in Ulster, Ireland, and educated in Belfast, being graduated from Queens College there and then went into business in Belfast. He became a linen manufacturer in his native city, but gave that up and came to the United States in 1870. At that time the oil regions of Pennsylvania were boomed, and he

went there and became very active in the oil business. He drilled many wells and was very successful. He went around the world in 1874 and 1875 and then returned to Bradford, Pennsylvania and organized the First National Bank, becoming it's president. Later he organized national banks in Texas, Kansas, Mississippi, Minnesota and Ohio.

In January, 1883, Mr. Bayne joined with several prominent oil men, T. Wistar Brown, Chas. Wheeler, of Philadelphia, Daniel O'Day of Buffalo, Joseph Seep, of Oil City, and others, and organized the Seaboard National Bank in New York City with a capital of \$500,000. The bank was located at 18 Broadway for thirty-eight years and that location was selected at the time because the Petroleum Exchange was next door. The bank was started for the oil men, to facilitate trade on the Petroleum Exchange to advance money on warehouse receipts and pipe line certificates, which other banks did not do. Later, the bank took over the quarters occupied by the Petroleum Exchange. The bank's first president

was W. A. Pullman, a wealthy oil man of Bradford. Mr. Bayne was vice-president but later succeeded to the presidency upon the death of Mr. Pullman in 1891, and has held that position ever since. S. G. Nelson was cashier. November 28, 1885, the bank was nationalized, under the title of The Seaboard National Bank of the City of New York.

Mr. Bayne is an amateur astronomer and in 1896 wrote a book on his favorite science, "The Pith of Astronomy." Other books written by him are "On an Irish Jaunting Car Through Donegal and Connemara," and "Fantasy of Mediterranean Travel."

He is president and director of the Atlas Improvement Company, director of the Bankers Trust Company and the Columbia Trust Company, and vice-president and trustee of the New York Produce Exchange Safe Deposit and Storage Company.

W. K. Cleverley began his banking career in the employ of the Importers and Traders National Bank where he



Officers' Quarters



View of the Bookkeeping Department

remained only a short time. He became connected with the Seaboard National Bank shortly after its organization in July, 1883, and served in various clerical capacities until made chief clerk and subsequently assistant cashier. In July, 1913, he succeeded C. C. Thompson as cashier and in July, 1917 was made vice-president.

Bennett L. Gill was elected vice-president and director of the Seaboard National Bank in July, 1913. He is a native of Huntsville, Alabama and from 1890 to 1911 was vice-president of the First National Bank of Terrell, Texas, when he resigned to become commissioner of insurance and banking of the state of Texas, which important office he held from 1911 to 1913, when he became associated with the Seaboard National.

He has been prominently identified with banking interests in the South for many years and is widely known in banking circles particularly in the West and Southwest. Mr. Gill is a member of the Bankers Club of New York and takes an active interest in financial and banking affairs of this city.

L. N. DeVausney entered the employ of the Seaboard National as a messenger in September, 1897. He served in various departments and for a number of years had charge of the bank's loan department, until June 1907, when he was made assistant cashier, which position he held until his election as vice-president in July, 1917.

Mr. DeVausney is a member of the Bankers Club of New York and has been active in financial affairs of this city for many years.

C. Howard Marfield, vice-president and cashier, was born in Baltimore, Maryland, and became associated with the Seaboard National Bank, February 28, 1919, as cashier, succeeding H. W. Donovan, resigned.

His banking career began in 1900 when he entered the service of the National Union bank of Baltimore. Early in 1902 he accepted a call to the National Bank of Commerce in New York and in December of the same year he became associated with the North American Trust Company, which was subsequently purchased by the Trust Company of America, the amalgamation continuing business for some time under the title of the latter and later being absorbed by the Equitable Trust Company. Mr. Marfield continued in various departments during the mergers and was paying teller of the Equitable up to 1914, when he became connected with the new business department of the company. For several years he traveled throughout the country in connection with the work of the new business department and as assistant treasurer was delegated in charge of the out-of-town collection and analysis departments.

Mr. Marfield was elected vice-president of the Seaboard January 13, 1921. He was also elected president of the

Association of Reserve City Bankers at their annual convention held June 8, 1921, in Buffalo, New York.

O. M. Jefferds, assistant cashier, was born in Steamburg, New York. His connection with the Seaboard began July 22, 1892. He has served in every department in the bank and was elected assistant cashier, June, 1907.

Charles C. Fisher, assistant cashier, was born in New York City and became connected with the Seaboard National Bank in June 9, 1897. He has served in every department in the bank and was elected assistant cashier, January, 1916.

J. D. Smith, assistant cashier, was born in Walden, New York, and became associated with the Seaboard, December 19, 1900. He was elected assistant cashier, July, 1918.

B. I. Dadson, assistant cashier, was born in Brooklyn, New York, and has been with the Seaboard since January 17, 1899. He now has charge of the bank's foreign department and was elected assistant cashier, July, 1917.

W. A. B. Ditto, assistant cashier, was born in Hancock, Maryland, and his

connection with the Seaboard began in 1900. Prior to this time he was associated with the Hancock Bank, Hancock, Maryland. He has served in various capacities in the bank and in recent years has been in the loan department. He is a member of the American Institute of Banking and has taken an active interest in banking and institute affairs. He was elected assistant cashier, January 15, 1920.

J. Meckley Potts, assistant cashier, was born in Jersey Shore, Pa. He attended Bucknell College, Lewisburg, Pa., and Columbia University, New York City. He is a member of the Sigma Chi fraternity of Columbia as well as a member of the American Institute of Banking and the Robert Morris Associates, an organization composed of bank credit men.

During the past five years Mr. Potts has been manager of the bank's credit department and is well known in financial credit circles. He was elected assistant cashier January 13, 1921.

Alexander A. McKenna, assistant cashier, was born in New York City and his connection with the Seaboard



Artistic Customers' Check Desks



Private Entrance in Banking Room



Securities, Note Tellers and Certification Departments

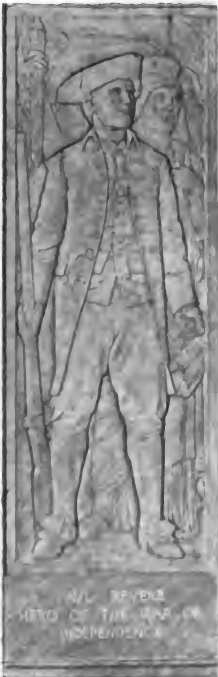
began in 1909. He has served in various capacities in the bank and during the past two years has had charge of the bank's securities department.

He is a member of the American Institute of Banking and has taken an active interest in banking and institute affairs. He was elected assistant

cashier, April 7, 1921.

Egbert V. Nelson, trust officer, was born in Cold Spring on Hudson, New York. He is a graduate of Cornell University and a member of the New York and Pennsylvania bar. He was engaged in the practice of law in New York City until 1910, when he became associated with the South Side Trust Company of Pittsburgh, Pa. as assistant trust officer.

Mr. Nelson has charge of the trust department of the bank. His many years of trust and legal experience will be a valuable asset to the numerous clients and friends of the Seaboard. He was elected trust officer October 16, 1919.



Memorial Tablets



in the Main Lobby



National City Bank, Indianapolis, Indiana

The National City Bank of Indianapolis, Indiana

THE average depositor who walks up to the wicket to deposit or withdraw funds has probably given little thought to the ingenuity which has been exercised in planning the modern banking room of a large institution. In most commercial buildings the equipment and layout is designed principally for the use of the building's occupants. In a bank, however, it is designed primarily for service to the customers.

With the volume of business done by an institution of the size of the National City Bank of Indianapolis, Indiana, the question of efficient utilization of floor space and the provision for the uninterrupted flow of routine work is all important. Yet the convenience of the bank's patrons must not be sacrificed to the convenience of the employees. A careful

study of these separate requirements has resulted in a plan for the main banking room which is designed to combine a maximum of efficiency for the workers with the greatest amount of convenience for the bank's customers.

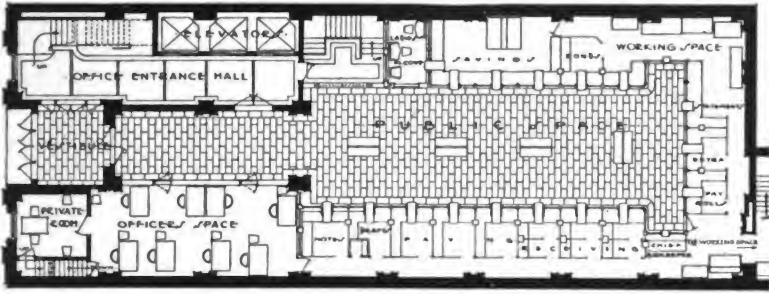
On the first floor of the building which is devoted to the work of the banking institution surrounding a large public space, the floor of which will be of Tennessee marble blocks with a *tavernelle fleuri* marble counterscreen with check desks to match, are to be on the right, as one enters, an officers' space with a private room adjoining, departments of drafts and collections, notes and collateral. On the left is a ladies' alcove and savings department. At the rear is the statements window and a passage to the extensive working quarters which occupy the balance of the first floor. In addition to the rare



National City Bank Building of Indianapolis, Indiana, now in process of construction

imported Italian marble used in the counterscreen, other very unusual decorative touches will be given the banking room by means of the marble dial

clock flanked by mirrors at the rear of the main banking room and the very beautiful marble balustrade which is to run along the edge of the mezzanine.

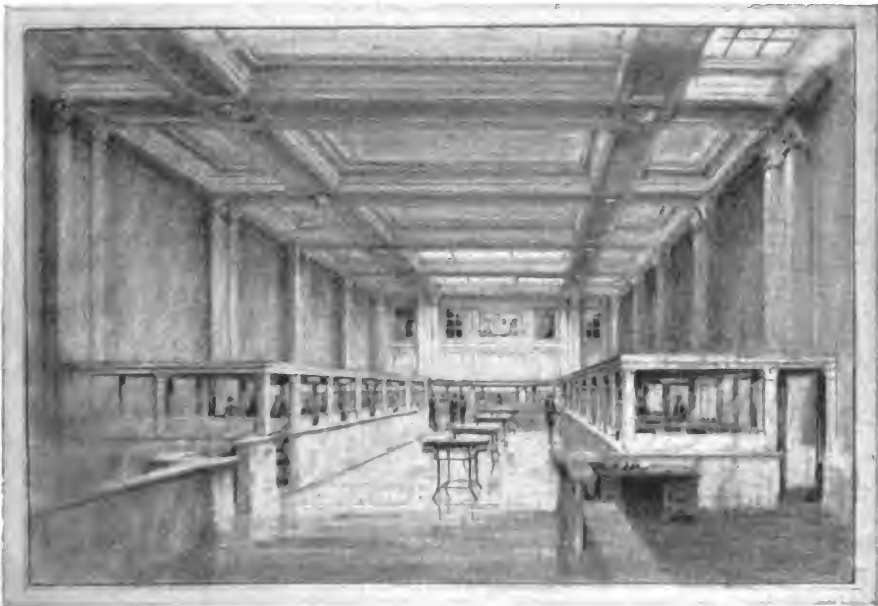


Floor plan of the National City Bank

The basement has been utilized for the remaining departments of the bank in order that no encroachment should be made upon office space. In the basement beside a reception room and large directors' room and locker rooms for men and women employees, is to be found a large safe deposit department. An unusual feature in bank construction will be provided in this safe deposit department in the form of an additional protective device for the safe deposit vault. This will consist of a space of two feet between the floor of the vault and the basement

floor which will be reflected by lights and mirrors through a clear glass floor at the side of the vault.

In addition to the banking quarters which are to occupy the entire first floor, mezzanine and part of the basement, the building provides for fourteen stories of modern offices. The care which was the keynote, in the arrangement of the banking room has also prevailed in the layout of the office floors so that while the buildings is on an inside lot, ample air will be provided for every office. Hollow metal trim and metal windows for both



Interior view showing banking room

banking room floor and office stories, cement floors and fire proof steel skeleton construction throughout mark this building as one of the best equipped and most valuable from an investment standpoint which has been erected in the middle west for some time.

Architectural designs, floor plans and specifications for this building were furnished by Hoggson Brothers, bank building specialists of New York and Chicago. This firm is now engaged in its second stage of the work, the actual construction of the building.



Back to First Principles in Building

By Noble Foster Hoggson

President Hoggson Brothers

BUILDING operations of ancient time were carried out under one directing head—witness King Solomon's Temple. It was not until modern times that there developed a practice which involved a division of responsibility, architects came to perform one function, contractors another and decorators still another. This procedure has been found far from satisfactory and the twentieth century has seen the growth of a new type of builder—the construction organization which furnishes a complete building service including architectural plans, the construction of the building and the furnishing of the interior. A guarantee to the owner of the ultimate cost of his building makes the investment safe.

A building operation of importance calls for the service of many different professions; for the employment of scores of trades; for the selection and purchase of hundreds of different materials and devices.

Successful buildings are not the results of chance. To coordinate and direct all the factors of a building operation so that the outcome will be satisfactory in design, plan, quality and cost is a profession in itself and demands experience and a knowledge of all these factors.

There are a growing number of large construction organizations which include in their personnel, architects, engineers, experienced builders, and students of markets and materials. Such organizations make one contract

with an owner which includes architectural design, building construction, decoration, equipment and furnishing.

Cooperation under this form of procedure is secured from the start and it comes as close as is humanly possible to insuring that a building will be completed promptly, satisfactorily, and within the limit of expenditure.

Before any plans are drawn or even a survey made, a conference is held between the owners and the representatives of the builders at which is determined the procedure with due regard to expense as well as design. The costs of equipment, lighting fixtures, furniture and decorations as well as of the actual construction, are taken into consideration. The cost of the individual items are in this way properly apportioned in accordance with the proposed total expenditure.

Costs and design having been adjusted and fixed the architectural department of the construction company proceeds with preparation of preliminary designs. While these plans are being completed the construction department is constantly called in for comment and suggestion.

In all such operations it is required that the architectural department and the construction department endorse the plans and specifications as to their conformance with the best and most economical practice for the project in hand, after which they are transferred to the estimating department for a de-

tailed estimate of cost. When the estimate is complete the plans of the building including exterior perspective, interior perspective and detail floor plans, together with samples of suitable materials, stone, metal and textiles, are presented for consideration and ap-

proval by the owners.

After the approval of the preliminary plans, final working drawings are developed and represent a project for which the building organization assumes entire responsibility and guarantees the ultimate cost.



Equitable Eastern Banking Corporation Declares Dividend

THE directors of the Equitable Eastern Banking Corporation at a meeting held June 30 declared out of the six months earnings an initial dividend of 3 per cent. payable July 5 to stock of record June 30.

The Equitable Eastern Banking Corporation, a subsidiary of the Equitable Trust Company of New York, was organized in December, 1920, for the purpose of developing the Far Eastern business formerly done by the Equitable Trust Company, of New York. Many important Pacific Coast banks are represented among the incorporators of the new corporation, which has a capital and surplus of \$2,500,000.

The new Robert Dollar building which now houses the Shanghai office is near completion and is the most modern and imposing business structure in that city. The Equitable Eastern Banking Corporation occupies a suite of offices on the ground floor.

A number of prominent officials and directors of the Equitable Trust Company are among the incorporators. The officers are as follows:

Alvin W. Krech, chairman, board of directors; George L. Le Blanc, president; Heman Dowd, vice-president; Ernest D. Kracht, vice-president; Richard R. Hunter, secretary and treasurer; Alfred E. Schumacher, manager New York office; Henry C. Titus, manager New York office; James J. Rogers, manager Shanghai office; Einar C. Funck, assistant manager Shanghai office.

The board of directors is composed of: Winthrop W. Aldrich, member Murray, Prentice and Aldrich, New



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GEORGE L. LeBLANC

President Equitable Eastern Banking Corporation and
Vice-President Equitable Trust Company
of New York

York; Howard E. Cole, secretary, Standard Oil Company of New York; Heman Dowd, vice-president Equitable Trust Company of New York; John



Robert Dollar Building, Shanghai, China in which the offices of the Equitable Eastern Banking Corporation are located

S. Dutton, president Mercantile Trust Company of San Francisco; Richard R. Hunter, vice-president Equitable Trust Company of New York; Alvin W.

Krech, president Equitable Trust Company of New York; George L. Le Blanc, vice-president Equitable Trust Company of New York; John D. McKee, chairman board of directors, Mercantile Trust Company of San Francisco; Henry Olmstead, president Northwestern National Bank, Portland, Ore; Enrico N. Stein, vice-president Abe Stein and Company, Inc., New York; A. J. Waters, president Citizens National Bank of Los Angeles.

The statement of condition of the Equitable Eastern Banking Corporation at the close of business, June 29, 1921, is given below:

ASSETS

Cash on hand and in banks.....	\$278,836.57	
New York State bonds.....	923.75	
Due from foreign banks and branch	2,588,065.23	
Bullion on hand and in transit..	2,254,470.60	
Advances and discounts.....	181,489.01	
Customers liability on acceptances	\$698,256.00	
Less acceptances anticipated	\$650,000.00	48,256.00
		<hr/> \$5,352,041.16

LIABILITIES

Capital	\$2,000,000.00	
Surplus	500,000.00	
Undivided profits	302,885.82	
Accounts payable	899.34	
Acceptances outstanding	6 8,256.00	
Time drafts outstanding.....	1,850,000.00	
		<hr/> \$5,352,041.16



Banking Room of the Equitable Eastern Banking Corporation

Book Reviews

THE MEMOIRS OF COUNT WITTE.
Garden City, New York: Doubleday,
Page and Company.

IT has been well said that one should not read books about great men, but the books they themselves have written. An excellent opportunity of deriving profit from this sound advice is offered by the "Memoirs of Count Witte." Here is a statesman described as "liberal," although doubts may be entertained as to the exactness of the term, for Witte was hardly a liberal statesman as the term is understood on most of the self-governing countries of the world, though he was decidedly liberal as compared with the reactionary group surrounding him while he played a prominent part in the Government of Russia.

Several great achievements are to be set down to Witte's credit: the establishment of the gold standard, the introduction of a Constitutional Government, the Peace of Portsmouth, and the large foreign loan, secured after Russia's defeat by Japan and when the country was in a virtual state of revolt. His premiership was of short duration, and probably his long service as Minister of Finance and in other capacities, constitutes the real basis of his lasting fame.

Count Witte came to public life in Russia after solid experience in the country's railway service. He had great native ability, bluntness of manner, and rare common sense. He saw clearly that Russia had broken with its ancient system, but he wanted reforms applied slowly. The body politic was a patient to be operated on with extreme caution. If his counsels had been followed, Russia would gradually have emerged into the ranks of the great self-governing countries. But the reactionaries triumphed, they ruled for a time, and then the chaos with which we are all familiar.

It would be a pleasant task to make a complete digest of this most interesting volume; but, bearing in mind what

has been said above, that one ought not to read about books but to read the books themselves, this task will not be attempted.

Count Witte writes with the directness and simplicity of all really great men. He does not underestimate either his own character or abilities. He had no doubts whatever concerning his own powers.

One who expects that this volume deals only with great problems of statecraft will be agreeably surprised to find many amusing anecdotes and incidents. Right at the start we get a true-to-life portrait of Helen P. Blavatski, the high priestess of theosophy, who was Count Witte's cousin, and the story of how Vgohegradski, Witte's predecessor as Minister of Finance, got even with the Rothschilds in a foreign loan deal is delightfully refreshing.

The breadth of Witte's statesmanship appears from his insistence on keeping faith with China, his opposition to the Japanese war, his demands for a just administration of the laws, and his proposals for an enlightened policy in dealing with the Jews. As to the latter, he says: "There is no other method of dealing with them than that which is adopted in all civilized countries, i. e., the method of gradually making them full-fledged members of the communities where they reside."

In regard to the Communal form of land ownership and tilling, Count Witte says that he found it "a serious hindrance to the economic development of the country. Continuing, he says: "In order to raise the productivity of peasant labor it was necessary, I found, besides removing the disabilities of the peasant class, to make the product of labor the full and assured property of the toiler and his heirs. No efficiency or initiative can be developed as long as the peasant knows that the land he tills may be given away to another member of the Commune; that the fruit of his labor will be divided not on the basis of common law, but

in conformity with custom, which is often the synonym of arbitrary disposal; that he is responsible for the taxes unpaid by his neighbors."

In analyzing conditions brought about under the reactionary rule of Stolypin, who succeeded Witte in the premiership, Count Witte wrote:

"What will be the outcome of it all? It is my firm belief that in the end Russia will have a Constitutional regime and, as in other civilized states, the principles of civic freedom will take root in our country. The spirit of October 17 can not be destroyed either by political stratagems or military force. The only problem is how the change will take place: whether it will come as a consummation of peaceful effort or out of torrents of blood. As a sincere monarchist, as a loyal servant of the reigning house of the Romanoffs, as a firm and devoted collaborator of the Emperor Nicholas II, and as a man profoundly attached to the Emperor and full of compassion for him, I pray to God that the change may come about bloodlessly and peacefully."

The concluding chapter in the book deals with Count Witte's experiences with the German Emperor, whose foibles he accurately describes. He tells how this former ruler of Germany tried to get Russia to join in a tariff war against the United States. The interview at which this proposal was made deserves reproduction.

"It was on that July afternoon, in one of the gorgeous rooms of the Great Palace that I saw for the first time the German Emperor at close quarters. I found him not fully attired, but ready with a little speech which he addressed to me after we went through the ceremony of greeting each other. The substance of this speech was that he knew me to be a great and wise statesman and that, in recognition of my worth, he had decided to bestow upon me the order of the Black Eagle. Thereupon he handed me the decoration, adding that as a rule this mark of distinction was given only to persons of royal blood and to ministers of

foreign affairs. I hardly need say that I was greatly flattered.

"The next day I met the Kaiser again at luncheon given in his honor at the German Embassy in St. Petersburg. The invitation came, I was told, at his Majesty's express wish. The function was attended exclusively by diplomats, both German and Russian. When the luncheon was over and we retired to the drawing-room, the Emperor became very amiable toward everybody and behaved like a fop, gesticulating with his arms and legs, in a fashion not at all befitting an Emperor. After a while the Emperor drew me into the ambassador's study, where we remained alone.

"He opened the conversation by calling my attention to the dangers which were threatening Europe from beyond the seas. America, he said, is growing rich at Europe's expense, and it is necessary to build a high tariff wall around Europe so as to make it impossible for America to flood us with its products. The European countries must unite to shut out the trans-Atlantic competitor, who is growing very dangerous, especially as regards agriculture, and thus to arrest the development of the United States of America.

"I took the liberty then of observing to the Emperor that the interests of Continental Europe were not identical with those of Great Britain, and that therefore she would have to be excluded from the contemplated European union. His Majesty retorted that England constituted no danger for the agriculture of Europe, and that she could not be excluded, for the reason that it was his intention to establish the best of relations with her. The tariff wall should be erected against America alone, he reiterated.

"Thereupon I pointed out that, whether or not England was included, an economic war against America was not practicable, because many European countries were not likely to agree to it. Speaking for Russia, I went on saying that we would be loth to embrace his Majesty's viewpoint for the reason that ever since the American

Revolutionary War we had been on the best of terms with the United States of America, and that we did not intend to quarrel with that country.

"Having thus dismissed the Kaiser's scheme, I proceeded to expound my own views on the general political situation, as I saw it at the time and as I still see it. After referring to the unbreakable tie which exists between political prestige and economic power, I declared to his majesty that, among the countries of the world, Europe seemed to me like a decrepit old woman. Unless a radical change is brought about, I went on, Europe will soon have to yield her dominating place in the world to the mighty empires which are rising beyond the seas. The time is not far off, I said, when this continent will be treated with that condescending respect which well-mannered people accord to venerable old age—and before the next few centuries are past, the greatness of Europe will be to the inhabitants of our planet what the grandeur of Rome, the glory of Greece, and the might of Carthage are to us.

"The German Emperor was deeply impressed by my words and inquired how I proposed to deal with the disastrous situation I envisaged.

"Your Majesty, I said, picture a Europe which does not waste most of its blood and treasure on competition between individual countries, which does not maintain millions of soldiers for internecine wars, which is not an armed camp with each country pitted against its neighbor; a Europe which is, in brief, one body politic, one large empire. Then, of course, we would be richer, and more vigorous and more cultured; and Europe, instead of withering under the burden of strife, would become truly the mistress of the world. To achieve this ideal we must seek to create a solid union of Russia, Germany and France. Once these countries are firmly united, all the other states of the European continent will, no doubt, join the central alliance and thus form an all-embracing Continental Confederation, which will free

Europe from the burden of internecine competition and establish its domination over the world for many years to come."

It must be remembered that all this was said before the Great War. There are those who believe that Europe is now more decrepit than it was at the time Count Witte drew the above picture. There are those, too, who believe that the only hope for Europe's future is the formation of a United States of Europe such as he evidently had in mind.

Count Witte's description of his visit to America is both interesting and amusing. He found us ignorant of European politics, and our food bad—except on Mr. Morgan's yacht. He did not understand why Mr. Roosevelt when he entertained him at luncheon had no cloth on the table, and why he was served ice water while Baron Rosen, the Russian Ambassador, had a little wine. But he liked our country and its people. And those who read Count Witte's Memoirs will like him, too, for he has presented to us a picture of himself as struggling to place the Government of Russia upon a foundation of justice and righteousness. He did not succeed in his time, but the things he fought for were worthy, and in the end they will prevail.



BEATRICE D'ESTE, DUCHESS OF MILAN.

By Julian Cartwright, New York:
E. P. Dutton & Company.

In the preface to "The Life of Lorenzo de' Medici by William Roscoe it is said:

"The close of the fifteenth and the beginning of the sixteenth century comprehended one of those periods of history which are entitled to our minutest study and inquiry. Almost all the great events from which Europe derives its present advantages are to be traced up to those times. The invention of the art of printing, the discovery of the great Western continent, the schism from the Church of Rome, which ended in the reformation of

many of its abuses, and established the precedent of reform, the degree of perfection in the fine arts, and the final introduction of true principles of criticism and taste, compose such an illustrious assemblage of luminous points as can not fail of attracting for ages the curiosity and admiration of mankind. * * * When almost every city of Italy was a new Athens, and that favored country could boast its historians, its poets, its orators, and its artists, who may contend with the great names of antiquity for the palm of mental excellence; when Venice, Milan, Rome, Florence, Bologna, Ferrara, and several other places, vied with each other, not in arms, but in science and genius, and the splendor of a court was estimated by the number of learned men who illustrated it by their presence; each of whose lines and production would, in a work of this nature, merit a full and separate discussion."

And again, in the same work:

"This epoch forms one of those scanty portions in the history of mankind on which we may dwell without weeping over the calamities or blushing for the crimes of our species. Accordingly, the fancy of the poet, expanding in the gleam of prosperity, has celebrated these times as realizing the beautiful fiction of the golden age. This season of tranquility is the interval to which Guiccardini so strikingly adverts, in the commencement of his history, as being prosperous beyond any other that Italy had experienced during the long course of a thousand years. When the whole extent of that fertile and beautiful country was cultivated, not only throughout its wide plains and fruitful valleys, but even amidst its most sterile and mountainous regions; and under no control but that of its native nobility and rulers, exalted, not only in the number and riches of its inhabitants, but in the magnificence of its princes, in the splendor of many super and noble cities, and in the residence and majesty of religion itself. Abounding with men eminent in the administration of

public affairs, skilled in every honorable science and every useful art, it stood high in the estimation of foreign nations."

This Italian picture, painted with so much of felicity by the celebrated Liverpool banker and man of letters—William Roscoe—had its darker side. The governments he mentions were in many cases those of tyrannical oligarchies, masquerading under the forms of liberty, petty wars were frequent, and it was also the time of the elevation to the pontificate of Roderigo Borgia (Alexander VI.), whom Roscoe styles "the scourge of Christendom, and the approbrium of the human race."

It is with this great epoch in human history—or rather with two notable characters of it—that the volume under review deals. Lodovico Sforza, Duke of Milan, as a soldier, statesman and patron of arts and letters, was hardly less ambitious than Lorenzo the Magnificent, the ruler of Florence. He employed eminent sculptors, painters and men of letters and rewarded them royally for their services. Leonardo da Vinci was long in his court, decorating churches and palaces and modelling statues.

Beatrice d'Este was the daughter of Ercole, Duke of Ferrara, and the wife of Lodovico Sforza. In the volume under notice we get a most enjoyable portrait of this charming woman, who was also possessed of ability in statecraft, and of her great husband and the wonderful age in which they lived. The scenes of their lives are minutely reproduced, and with rare fidelity. The literary style of the book admirably fits its theme. As a piece of polite literature, dealing with distinguished characters of a great age, "Beatrice d'Este" is worthy of a very high praise.



A HISTORY OF THE CANADIAN BANK OF COMMERCE, (Vol. I). By Victor Ross. Toronto: Oxford University Press.

Rarely has any bank had a more appropriate history both as regards the

text matter and the mechanical work than this volume presents. Perhaps the best thing that can be said of it is that it is worthy of the great institution whose semi-centennial it so fittingly commemorates. It is a significant coincidence that the Canadian Bank of Commerce should attain its fiftieth anniversary in the same year as the Dominion of Canada. In fact, the growth of the bank has closely paralleled the growth of the nation, and the bank has been a most important factor in this development.

At the close of November, 1918, a little more than fifty years after the opening of the bank, its total assets had grown to \$440,000,000, while the turnover for the bank had been only slightly less than twenty-five billions of dollars.

This statement quite clearly tells of the institution's financial growth, and the volume explains in detail the processes by which this remarkable development was achieved. It is, indeed, more than the history of a single bank, for five other banks were amalgamated with the Canadian Bank of Commerce to make it the great bank that it is today.

But this admirable volume is not only a history of these banks, it contains as well a general survey of banking in the Dominion and of the general development of production and exchange in that country.

The Canadian banking system, of which the Canadian Bank of Commerce is such a fine exemplification, is well worthy of the study of all students of banking, for the principles observed in the foundation of the banks of the Dominion, and the methods of bank management, are highly instructive.

In the preparation of this volume the author has had the advantage of the counsel of Sir Edmund Walker, the general manager from 1886 to 1907, and president since the latter year. The numerous illustrations, so appropriate in character and so finely executed, especially witness Sir Edmund's well-known taste in art.

It would be impossible in the limits of an ordinary book review to summarize even in the briefest manner the interesting story told in the nearly five hundred octavo pages which the first volume contains. There is much to be found in the book illustrating the lighter side of banking, thus making it all the more readable. The record presented establishes the fact that the banks in general are rendering very great and valuable public service; in fact, quite out of proportion to the profits derived by the shareholders.

The Canadian Bank of Commerce has worthily recorded its first half-century of progress and at the same time made a solid contribution to the banking literature of the North American continent.



ELEMENTS OF BOND INVESTMENT. By A. M. Sakolski, Ph.D. New York: Ronald Press Company.

Mr. Sakolski is bond expert of the Equitable Trust Company of New York. His book covers in a clear, non-technical way the fundamental principles of sound investment; financial statements; the field of investment; and the various classes of bonds, including federal, state, municipal, railroad, public utility, and industrial. The author's wide experience as a bond statistician and investment analyst has enabled him to so present his material as to meet the needs of private investors, security salesmen, business men, and students.



HISTORY OF THE I. W. W. By Paul Frederick Brissenden. New York: Longmans, Green and Company.

This book is devoted to a matter-of-fact description of the Industrial Workers of the World as an organization and to a record of the facts of its history. The author believes that the public knows little of the organization of this group and its work, and endeavors to give a strict account of its work.

The Power Behind the Bank

***Manufacturers and Distributors Who Form Part
of the First National Bank's Strong
Directorate of Forty-Four***

Their active minds, constantly reaching out for new facts and figures, always on the alert for greater business possibilities, build with knowledge and foresight as their guide.

The accurate analysis of market requirements and the wise planning necessary to meet these needs have given a valuable fund of experience to these St. Louis Manufacturers and Distributors.

As Directors of the First National Bank in St. Louis, they serve the patrons of the institution in many distinctive ways.

Largest National Bank West of the Mississippi

Capital and Surplus \$15,000,000.00

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

SUMMING up general business conditions in its June letter the National City Bank of New York says:

The general business situation has changed but little in the past month, but certain developments have taken place that afford a substantial basis for better feeling. The most notable of these is the acceptance by Germany of the findings of the Reparation Commission and the terms of settlement based thereon. This has averted the strain and uncertainty that would have resulted from an invasion of Germany by allied troops, and probably will result in a considerable reduction of the standing army of France, besides leading to a quickening of industry in Germany and a more settled feeling in all Europe.

The elections in Italy which took place on May 22 yielded results encouraging to the stable elements of society. Although the coal strike in England has not been settled and the industrial situation is very serious from lack of fuel, the efforts by the radical element to make the strike the focus of a revolution have utterly failed.

In this country the railroad labor board has followed up its action in releasing the railroads from the costly national agreements with the labor organizations, made while the roads were under government control, with an announcement that prevailing conditions justified a downward revision of wages, and a decision as to the amount of such reductions in the cases before it would be rendered June 1, reductions to take effect July 1. Other complaints are now being filed, and it is assumed that the revision will extend to the entire railroad pay-roll and that it will result in a material degree of relief to the railroad situation.

The trend of wages has continued slowly

downward, the United States Steel Corporation falling into line during the month with a reduction of 20 per cent. In this case and generally the situation has been accepted by the workers in good spirit as a necessary readjustment to changed conditions.

The trend of prices has continued downward, but apparently the bottom has been reached with the principal staple commodities. Wheat has had a rise which if sustained will be of material benefit to the farmers, and the other grains have advanced slightly. There are some symptoms of improvement in foreign markets for cotton goods, and now that the peace settlement has been made there is hope that with a settlement of the British coal strike the dead-lock in world trade may be broken. The whole situation is abnormal, as there is under-consumption in all countries for want of the products that are unsaleable.

COUNTRY GETTING ON BETTER BASIS

The First National Bank of Philadelphia says in its June letter:

The country is getting back to the old basis of real work for an honest wage and all communities will be the better for it. People are stabilizing their thoughts, as well as their methods, and the ultimate consumer is coming into his own again. No one is buying thoughtlessly these days, but everybody is taking care to get one hundred cents of value in every dollar of merchandise. This represents an extraordinary change from a year or so ago when most of the 21,000,000 families in the United States were buying in the happy-go-lucky fashion which made deception and unjustifiable price advances not only possible, but the easiest thing to put over. The average man these days is looking for quality in-

stead of quantity and driving as good a bargain as he can get.

THE PRICE SITUATION

Speaking before the San Francisco convention of the National Association of Credit Men, A. F. Maxwell, second vice-president of the National Bank of Commerce in New York said as to the future of prices:

Many prices have been stabilized but this does not mean that there will not be further declines. They may be expected in a number of lines. Commodities which have not yet been adjusted will receive no support from others that have reached a stable footing. In their decline, they will not force down commodities in which deflation has already occurred. This relative independence of prices is a characteristic of more normal conditions.

While we may feel confident that the violent general decline in raw materials and related products is over, this does not preclude a slow and orderly decline over a period of years. Such a decline would be no menace to sound business; it is perfectly practicable to make business plans to meet slow price changes. It was the violent fluctuations and almost total absence of a market at any price that hurt. Gradually falling prices over a period of years would not materially affect the price movement of commodities over such periods as are usually necessary for manufacturing and distributing operations. Rising prices are not essential to prosperity and a slow downward movement is discouraging only to reckless speculative activities.

THE BANKS THROUGH INFLATION AND DEFLATION

The Bache Review said in its issue of June 18:

The country has gone through a stressful period, for the last year and a quarter, in which, under ordinary circumstances, commercial failures would have been numerous and severe, and, in fact, this was fully expected; but no such wholesale wreckage of industrial institutions has taken place as usually signalizes such periods. We have had no panic, and the absence of many heavy failures has been due, of course, to the policy and action of the banks. In crises of this kind in the United States, usually banks have found it impossible to carry all the, even sound corporations and individuals, needing assistance, because they heretofore have been unable to provide sufficient funds through rediscount at some

great reservoir like the Federal Reserve Banking System.

With the Federal System to draw upon, however, the situation was completely changed. Banks decided to carry their needy customers where they were sound, and were enabled to do this by freely rediscounting. This avoided the heavy realizing sales which heretofore have accompanied such disasters.

It is, of course, to be considered that the effect of the ability to rediscount, throughout the inflation period, undoubtedly helped to increase the inflation. Banks relying upon themselves, as in the older periods, would have had to call a halt long before they did, due to the inability to extend credit further. That ability, in this era, unmistakably helped along the expansion to the danger point.

In meeting the present situation, in many instances businesses have been taken over by trustees acting for the owners through the concurrence of the banks, but in the larger number of instances concerns have been allowed to conduct their own operations by reason of the bankers' confidence in their sound and honest management. These constitute what is so often referred to as "frozen credits."

The policy must be continued and gradually a good proportion of the concerns involved, will pull out. Banks were exceedingly prosperous during the war, and well prepared to carry out such a policy, which has saved the country from an acute crisis, and has avoided much wreckage.

THE UNEMPLOYMENT PROBLEM

The Guaranty Trust Company says about the unemployment problem:

One of the gravest consequences of the general economic depression in the United States, as it is also in many other countries, is widespread unemployment. According to the most reliable estimates, between three and four million people are without work in America, and, contrary to the general impression, unemployment increased, instead of decreasing, during the last month. Early this month nearly half a million were idle in New York state alone. While there have been gains in certain lines, especially the automobile industry, and to a much lesser degree in leather and textiles, they were offset by losses in other industries, notably steel, lumber, and shipbuilding. This serious situation is symptomatic, of course, of many unfavorable conditions, which must be improved before the unemployment problem can be solved.

No element of the derangement in industry better illustrates the cumulative effects of local maladjustment than involuntary idleness. The cessation of earnings is promptly felt in the curtailed buying power

Courtesy--

—“*Politeness combined
with kindness*” . . . *Webster*

REAL courtesy in the full sense of the word has been a fixed principle (not a policy) of the Chemical National Bank throughout its career of 97 years.

This principle has been a vital factor in our success. To it may be attributed the fact, that the bank still has as customers the descendants of its original depositors.

We are seeking new business on our record.

THE CHEMICAL NATIONAL BANK

OF NEW YORK

of the groups directly affected and the reduced consumption which this entails means lessened demand for the products of the labor of other groups of workers, some of whom in turn are added to the list of the unemployed. The economic loss to the country, of course, is incalculable. Strikes and lockouts, it has been unofficially estimated, are costing workers nearly \$1,000,000 daily in wages lost, and costing employers approximately \$5,000,000 a day, largely as a consequence of the refusal of some workers to accept reasonable revisions of wage scales.

Not every proposed cut in wages is reasonable, of course, but when a group of workers insists upon the maintenance of extreme war-time wages, although the cost of living and prices in general have been largely reduced, their contention is not well founded.

Such resistance to the free operation of economic forces which are governing and compelling the present readjustment in industry is only natural, but it is also futile. And the sooner labor recognizes and accepts that inescapable fact, the sooner will labor profit—by accelerating industrial stabilization and a revival of business. Lower production costs, which consist chiefly of labor costs, are absolutely essential to economic stabilization and renewed prosperity.

SALES TAX POSSIBILITIES

The National Bank of the Republic of Chicago says in its June letter:

Suggestions for the revision of our policy of taxation have been many and varied. However, sentiment seems to have finally crystallized around some form of a sales or turnover tax, depending upon whether it is to be collected at only one point in the journey of the goods from producer to consumer, or at every turnover of the goods. The purpose of such tax, of course, is to supplement the present income tax, minus some of the higher brackets, and to take the place of those higher surtaxes and the now out-worn excess profits tax. The principal objection to the sales tax is that it theoretically places the burden directly upon the ultimate consumer and does not exempt the masses of people of small income. It is saying nothing new perhaps that practically no form of taxation, excepting possibly the taxes on estates of deceased persons, or inheritance taxes so-called, fails to reach the ultimate consumer. Nor is a sales tax, or consumer tax, a new conception. In a different guise we have it in the duties imposed on imported merchandise, in excise taxes on to-

bacco, and of course in the now familiar luxury and transportation taxes. But the outstanding points are: That such tax cannot be multiplied as in the case of the excess profits tax. That the amount paid is the amount collected by the government. That resting upon the broad base of total transactions of every kind the percentage impost would be small. That being small there would be little incentive to evasion of the tax. That in closely competing businesses it would tend to become absorbed in overhead. That it would be simple to compute by the taxpayer and to administer by the government. That it would be paid and forgotten at the time of the transaction, instead of being carried over into the next year. And finally that it would provide the government with a constant revenue spread over the whole year, instead of in quarterly installments as at present, and would thereby obviate the necessity of floating issues of certificates of indebtedness in anticipation of taxes.

THE FUTURE OF BUSINESS

Lewis G. Harriman, vice-president of the Fidelity Trust Company of Buffalo, recently stated in an address before the Buffalo Kiwanis Club:

In attempting to analyze general business conditions, it is impossible to overlook war exhaustion of capital and the decreased purchasing power of various classes. Visualization of an early return to prosperity would be a mistaken view. Capital must accumulate, interest rates fall and purchasing power be reestablished before we can go ahead in a normal and prosperous manner. So long as business is even a little below normal, we have a "buyers" market, and prices and trade conditions are uncertain. There is a vast difference between the accumulation of goods, as a result of depression, and over-production. Accumulation of goods does not cause depression but results from depression. Scarcity of goods, labor inefficiency, and under-production were in evidence a year ago; now depression decreases purchasing power and goods accumulate. Depression will continue until production costs are reduced and capital accumulates, thus restoring purchasing power. Need is not equivalent to demand, for it is only ability to pay which creates orders. At present only one in five furnaces in the steel industry is in operation. This is almost the worst showing on record. Even in spite of recent cuts, wages in the steel industry are still about 100 per cent. above prewar levels which were themselves not low.

FACTORS FOR AND AGAINST BETTERMENT

The Mechanics and Metals National Bank of New York says that no gen-

eral domestic improvement in the business situation can be possible until there is a world-wide turn for the better. The bank says in a recent letter:

Even by naturally hopeful people it cannot be overlooked that the world's disorders, which began so violently seven years ago, drew us far out of the beaten track, and that we cannot click back at once to normal life as it was lived before the outbreak of the war. The outside world's disorders touch us closely, and forces and conditions beyond our own shores affect American life and interests so much that they are destined to have a powerful bearing on the progress we make out of the existing industrial depression.

This depression is world-wide in its scope, and the turn for the better, when it comes, should also be world-wide. This does not mean, however, that business in the United States must wait wholly on foreign countries for its signs of improvement. Closely linked as are the affairs of this country with Europe, South America, Asia, Australia and Africa, the greatest market for American products after all is at home, and it is only reasonable to expect that some improvement will come without very great delay after the prolonged and violent period of reaction through which finance and business have passed. Domestic trade is in a healthier and more sane state than before, and were it not for a certain unevenness to the situation that remains to be corrected, a moderate improvement might even now be seen. Prices of foodstuffs and clothing have fallen so violently from their peak that there is a marked disparity in those prices, for example, as compared with rents and freight rates. Shelter and transportation are still at a high price elevation and must be adjusted downward, like food and clothing, if equilibrium, out of which a forward impulse should come, is to be restored. When prices generally are regarded to have approached a fair average we shall have reached the step in the cycle of trade that is marked by the placing of contracts for future delivery.

LACK OF DEMAND, NOT TRANSPORTATION COST STOPS SALES

The Peoples National Bank of Pittsburgh says in its June letter:

If the experiment of higher freight rates had begun at the first of the year in 1920, instead of being effective only for the last four months of that year, the railroad story would have been different.

The earnings of the roads were increased during those four months \$418,000,000, but if the rates had been effective for the whole



Battles of Business

BATTLES of business are won by preparation and co-operation. The former includes the building of an acquaintance and a reserve of cash on deposit. The latter means getting the bank's aid in fortifying your enterprise, strengthening its outposts, or in planning and carrying on a vigorous campaign for new business.

The Seaboard National Bank is not too large to give considerate attention to the little things which mean much to the welfare of the depositor. It is not too large to lend the weight of its counsel and support to the depositor whose dealings are small, but none the less important to him.

You are cordially invited to make full use of our facilities and the complete financial Service we have to offer.

The Seaboard National Bank

of the City of New York

Total Resources over Sixty-seven Million Dollars

year, the amount earned would have been \$1,202,000,000.

Not only would the treasury of the roads have been in better shape, but the public opinion on the subject would have been different. That is, it would have been shown and accepted that, with volume of traffic large and market demand good, the freight rate would be negligible, and the popular impression that high rates are interfering with commodity sales would not have gained headway, as it is now doing.

With the falling off in market demand following 1920, it has become popular to attribute restricted trade in many instances to high freight rates when it is lack of demand that makes goods immovable.

For instance, agricultural boards continue to report the stoppage of farmers' shipments of hides, hay and other low-valued products, attributing the embargo to high freight rates, when the real cause, after all, is low market prices. For instance, from one county comes reports of great waste in hay and feed, because it cannot be profitably shipped and rates are so high that cattle cannot be shipped in to consume it.

The report says, one cattleman drove his stock seventy-five miles to pasture because he could not afford to ship by rail, and that

formerly a Rush county farmer could send a load of cattle to Kansas City for \$35, where they would sell from \$1,500 to \$3,000. Now the transportation cost is \$107, and the cattle, which cost more to raise, will sell from \$1,000 to \$1,600.

WATER POWER DEVELOPMENT

The American Exchange National Bank of New York states in a recent letter:

The early development of our water-power resources will carry with it the partial solution of at least two pressing national problems and effect economies that will be invaluable to us in our competition for our share of world trade. The two problems that will be partly solved by the maximum development of our waterpower resources are those of railroad transportation and oil. Over one-third of the freight now carried by our railroads is coal, at least half of which is used by the railroads themselves. We are under no particular necessity of conserving coal, although the economies we could effect by the development of water-power would enable us to send a greater part of our coal abroad and incidentally give employment to our mer-

Combined Statement of Condition

HEAD OFFICE AND BRANCHES

BANK OF ITALY

SAVINGS

COMMERCIAL

TRUST

HEAD OFFICE, SAN FRANCISCO

MEMBER FEDERAL RESERVE SYSTEM

June 29, 1921

RESOURCES

First Mortgage Loans on Real Estate	\$49,056,588.84	
Other Loans and Discounts	56,065,161.90	\$105,121,700.24
United States Bonds and Certificates of Indebtedness	\$16,409,184.89	
State, County and Municipal Bonds	12,966,564.98	
Other Bonds	8,697,639.79	
Stock in Federal Reserve Bank	866,750.00	
TOTAL U. S. AND OTHER SECURITIES		38,440,139.11
Due from Federal Reserve Bank	\$6,541,876.78	
Cash and Due from Other Banks	10,974,414.49	
TOTAL CASH AND DUE FROM BANKS		17,516,291.27
Banking Premises, Furniture, Fixtures and Safe Deposit Vaults		6,173,421.53
Other Real Estate Owned		806,609.81
Customers' Liability under Letters of Credit and Acceptances		1,375,773.67
Interest Earned but not Collected		1,062,872.27
Employees' Pension Fund (Carried on Books at)		1.00
Other Resources		218,755.08
Total Resources		\$170,215,063.98

LIABILITIES

DEPOSITS		\$148,709,272.18
Capital Fully Paid	\$10,000,000.00	
Surplus	2,475,000.00	
Undivided Profits	2,290,385.54	
TOTAL CAPITAL, SURPLUS AND UNDIVIDED PROFITS		14,765,385.54
Dividends Unpaid		541,980.04
Discount Collected but not Earned		95,129.11
Reserved for Taxes and Interest Accrued		227,523.49
Letters of Credit, Acceptances and Time Drafts		1,875,773.67
Federal Reserve Bank (U. S. Obligations)		4,500,000.00
Total Liabilities		\$170,215,063.98

All charge-offs, expenses and interest payable to end of half-year have been deducted in above statement.

The Story of Our Growth

As Shown by a Comparative Statement of Our Resources,

December, 1904	\$285,436.97
December, 1908	\$2,574,004.90
December, 1912	\$11,228,814.56
December, 1916	\$39,805,995.24
December, 1920	\$157,464,685.08
June 29, 1921	\$170,215,063.98

NUMBER OF DEPOSITORS, 267,206

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$355,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

chant marine. But we are under a real and pressing necessity for finding a substitute for oil in the industries and uses in which substitutes are practicable. According to official estimates, the supply of oil underground in the United States is limited to about 7,000,000,000 barrels, or enough at the present rate of consumption to last twenty years more. We are employing every resource to guarantee our future supply of oil from the stores of the world, but we are making only moderate progress in the development of plans for its conservation at home. It is true that, relatively, our railroads do not consume much oil, and that the consumption of oil for power purposes by industry also is relatively negligible, but our railroads use 45,000,000 barrels of oil a year, a quantity sufficient to meet approximately a tenth of our estimated annual needs from abroad in a few years more. In view of the difficulties the railroads are encountering in establishing a basis from which to appeal to the investor to supply their ordinary needs for extensions and betterments, it seems academic to discuss the saving that could be effected through the investment of large sums in the electrification of the railroads. But when claims are made that the electrification of the railroads means a saving of hundreds of millions of dollars a year, that excuse for delay vanishes. The total saving to be effected through the maximum development of our water-power resources in conjunction with a system of connecting steam-power stations would accrue to the railroads. The immediate or early realization of water-power development plans seems to depend upon the formulation of some gigantic comprehensive scheme of financing that will make it possible to carry on the development at all points on the chain at the same time. It is even probable that an annual outlay of capital equal to the annual outlay for new railroad equipment that would be displaced could be made to carry on the development as expeditiously as is desirable. The builders of our skyscrapers learned long ago that

it pays to raze a small building even when it is of the best, to give way to a bigger one. Some of our manufacturers have also learned that it pays to demolish a plant that will do to make room for one that will do more. We have three reasons for speeding up the development of our water-power resources: the relief of our railroads, the conservation of our oil and the opportunity to make money through saving money.

DEVELOPING HOME MARKETS

Because we have a capacity for production of some commodities not only in excess of our home needs but even beyond export demand, the Girard Trust Company of Philadelphia recommends that we reorganize our machinery of production and seek to cultivate new home markets. The company says:

Foresighted manufacturers have already laid their plans to develop home markets intensively. Some of the great industries contemplate extensive sales and advertising campaigns to educate the vast mass of population to an appreciation of certain types of merchandise that have never been classed by most people as anything but luxuries.

Educational propaganda exist for better living standards on the farm. Farm lighting and farm electric power are beginning to make the farmers' life more comfortable. It is not unreasonable to suppose that an improved living scale on the farm may play an important part in maintaining an adequate farm population in the future.

Educational work with urban groups offers no less opportunity. Washing machine manufacturers, for instance, are developing their market and at the same time giving aid in solving the question of domestic help. There are innumerable similar examples which can be quoted and it is amazing to learn how superficially our

The Big Bank in Buffalo

The Marine Trust Company of Buffalo

Capital and Surplus - \$17,000,000

markets have been touched in almost every line of production.

It is interesting to note that intensive cultivation of markets is no longer a matter of sporadic and isolated effort by individual manufacturers. Cooperative associations have been formed in a great many lines of industry to work for the common good; and it is no unusual thing to see space in the great national magazines and newspapers devoted to association advertising that deals purely with the educational aspects of consumption.

SOME FAVORABLE FACTORS

The business bulletin of the Cleveland Trust Company enumerates the following favorable factors in the present situation:

1. The financial condition of the Federal Reserve banks continues to improve.
2. Interest rates are falling at the Federal Reserve banks and at the central banks of foreign countries.
3. Unemployment in this district is decreasing.
4. Business is improving in some industries, among which are those dealing in automobiles, textiles, rubber goods, shoes and leather.

5. Carloadings are increasing.
6. Railroad earnings are improving.
7. Security prices are rising and the public is participating in the securities markets.
8. Wage adjustments are being made in the railroad, iron and building industries.
9. Building construction is increasing.
10. Prospects are brighter for an ultimate solution of the reparations problems overseas.
11. The threatened general strike in England appears to have been avoided.
12. The sales of the great mail order houses are increasing.

GENTLEMEN AND CREDIT MEN

Comptroller of the Currency Crisinger is certainly not lacking in a sense of humor. In opening an address before the National Electrical Credit Association he said:

Gentlemen—and credit men:

I want you all to understand that I know whereof I speak, and am entitled to emphasize a differentiation between gentlemen and credit men.

Among the vocations and avocations of a business man in a small industrial city, I have had the experience of serving as

credit man for a very substantial concern, doing an international business, for a good many years.

I am, therefore, quite able to understand where the line is drawn in some people's minds, between gentlemen and credit men.

There are times when the credit man has to be anything but *gentle*; when it is necessary for him to be distinctly rough; and his moods of roughness are quite certain to be ardently disapproved by those who would wish him to be a *gentle* man.

If any of you doubt my capacity to understand the troubles of the credit man, let me tell you that not long ago within a very short period I had to deal with five cases in which customers who had placed heavy orders for special construction of machinery, sought when the goods were ready for delivery to cancel the orders.

These five orders represented an aggregate of over a half-million dollars; and I hope you will permit me to boast a bit over the fact that in the end we induced the acceptance of the goods in every case.

But when the incidents were all closed I suspect that the buyers would have been insistent on the view that I ranked rather as a credit man than as a gentleman.

HOW FREIGHT RATES ARE AFFECTING BUSINESS

On the subject of freight rates the Irving National Bank, New York, says:

Another public problem directly bearing upon the future growth of business is the question of railroad freight rates. The high charges authorized last August weigh heavily upon those classes of freight which must be hauled long distances overland. At present ocean freight rates have greatly declined so that foreign competition in various commodities such as citrus fruits, is doubly favored, not only in our Atlantic ports, but to a considerable extent inland. The plate glass industry of Pittsburgh and some steel specialties are said to be meeting with stiff competition from Belgian factories.

While it is not entirely fair to blame the railroads for the price declines of the last few months, it is none the less true that the advanced freight rates eventually must profoundly affect many lines of business. For example, some managers of brass factories in the Naugatuck Valley, Connecticut, have established branches in the Middle West nearer the source of copper. Eventually such changes in the location of the brass industry may entail a considerable shift in population. Similarly, in St. Louis, the manufacture of boots and shoes is favored by nearness to the sources of the hide and leather supply, and Massachusetts already feels increasing competition from Missouri in this particular industry. Other illustrations could be given which would

Resources

\$19,000,000.00

**Send us your Buffalo
business**



for Direct Service

Try Us

**and you will be entirely
satisfied**

A. D. BISSELL, Chmn. of Board

HOWARD BISSELL, President

C. R. HUNTLEY, Vice-Pres.

E. H. HUTCHINSON, Vice-Pres.

E. J. NEWELL, Vice-Pres.

C. G. FEIL, Cashier

A. J. ALLARD, Asst. Cashier

G. H. BANGERT, Asst. Cashier

GEO. ULRICH, Asst. Cashier

C. H. FITCH, Asst. Cashier

W. G. WILCOX, Auditor

Trust Department

CHAS. W. CARY, Trust Officer

show how intricate and far-reaching is the economic influence of transportation.

THE FACTS OF THE SITUATION

"Business and financial conditions," says the First National Bank in St. Louis, "are the results of the interplay of many complex forces. No one factor can be held responsible for a given situation and neither can any single remedy be expected to work a miraculous cure. It is well to remember the essential facts of the present situation." These are enumerated by the bank as follows:

(A) Six years of most destructive war which greatly reduced the capital of the world.

(B) A disorganization of the system of production, exchange and credit.

(C) An enormous increase in public debts, accompanied by heavy taxation and greatly increased national budgets which will necessitate for many years, continued heavy levies of taxes and thus an increasing proportion of the social income will be expended through governments.

(D) A practical break-down of the gold monetary systems of the world and the substitution of currency with the attendant problems of a depreciated money and in many nations of an irredeemable paper money. This has not only profoundly affected domestic prices, but it has also had its effect on international exchanges and, therefore, produced a deterrent influence on international trade and credit.

(E) A great increase in the general price level and an abnormal relationship in the price of different commodities, followed during the past year by the greatest fall in prices that has occurred in a century within such a short period.

(F) An enormous reduction in the demand for commodities of all kinds. There is not only a relative but an absolute decrease in consumption and it is not confined to luxuries but embraces those goods called necessities. This condition is due to the fact that many consumers are no longer able to supply themselves with the ordinary amount of essentials. In other words, there has been, at least, temporarily an actual reduction in the standard of living of thousands of the world's consumers.

(G) In many countries, especially in the United States, the markets are filled with unsalable goods, due, in last analysis, to the inability of the people of other nations to buy.

(H) A great increase in interest rates, due to the actual and potential increase in the demand for capital as well as a decrease in the supply of it, resulting from

the uneconomic use of capital during the past six years.

(I) In the United States an accumulation of over one-third of the monetary gold of the world.

(J) The disorganization of the international trade of the world, and the breakdown of international credit.

WAR COST LIMITS TAX REVISION

Of every dollar of national expenditure 77.3 cents goes for purposes of war, according to the National Bank of Commerce in New York, which points out that any constructive program looking to a remedy of the present tax situation must take this fact constantly into consideration.

"This condition is not a new one," the bank says in the June issue of its magazine, *Commerce Monthly*. "Each war in which this country has been involved has left us a heritage of increased expense. Not only has the direct military burden been permanently increased, but there have been additional outlays on account of war debt, for pensions, and for administrative purposes growing out of the experience and results of the war.

"The scale on which military operations were conducted during the most recent conflict was so great that the percentage of the revenue devoted to war purposes has enormously increased. In the five fiscal years just prior to the outbreak of the European war less than half of our governmental expenditures, on an average, pertained to the military establishment. This condition prevailed until we entered the war in 1917. In 1919, when the peak of war cost was reached, these expenses were more than twenty times as great as those for purely civil purposes."

BUSINESS AT HALF SPEED

The National City Bank of Chicago says in its June letter:

The country is doing a conservative business with its buying power much restricted. In the West there has been a moderate gain, but the volume is not impressive, judged by the records for this season in other years. However, the cost of doing business is declining, and the price structure is materially sounder than it was a year ago, or even six months ago. This is an important achievement and shows that orderly deflation is eliminating many of the evils from which the country suffered so seriously during the inflation period. The chief problem still has to do with bringing about such a reduction of retail prices as



NO two thumb-prints are alike; neither are any two characters identical. Yet people, regardless of temperament or environment, are, after all, "just folks."

And they can usually best be appealed to on that basis.

It requires experience that only many years can bring to prepare financial publicity that is humanly interesting; calculated to bring new accounts into the bank and stimulate present balances.

How successfully Collins does this is shown by its ever-growing clientele

The Collins Service

PHILADELPHIA PENNSYLVANIA

shall secure for the consuming public the benefits growing out of the drastic cuts in wholesale commodity prices. This readjustment is progressing, and will receive greater impetus in the future, as the public is determined to force down the average merchandise level by refraining from doing business at the quotations of war days. Concessions in steel prices have not attracted much buying yet, as consumers believe that lower quotations are inevitable for an industry which is now operating at scarcely 40 per cent. of capacity. It has been estimated that general business throughout the country is just about half what it might be with the industrial machinery fully employed. This is by no means true of all industries, however, for increased activity is being shown in leather and a few other lines.

OUTLINES A TAXATION PROGRAM

Frank E. Seidman of Seidman and Seidman, New York, recently testified before the Senate Finance Committee in connection with a proposed substitute for the Excess Profits Tax. He summarized his proposal as follows:

1. That corporations pay no taxes whatsoever on profits made during any taxable

year and distributed within four months thereafter.

2. That for all current profits remaining undistributed, the corporation pay a tax to rates approximating the rates which the individual stockholders would have had to pay if they had received the remaining profits.

3. That individuals receiving corporate dividends include the entire amount as taxable income (except as hereinafter noted) and that they deduct from their total tax the amount of taxes paid for them by the corporation for profits that were previously subject to an undistributed profits tax; in this way there will be adjusted the difference between the tax paid for them by the corporation and the tax that they should pay based on their individual incomes.

4. In the determination of the order in which earnings are distributed the law should provide that dividends be distributed out of the earliest profits first; also all dividends distributed within four months after the close of any taxable year shall be treated as if distribution took place during the previous taxable year.

5. That a time limit of three years be placed on the right to take the undistributed profits credit by the stockholders.

6. That all dividends paid out of profits prior to the inauguration of the undistributed profits tax law (except dividends from earnings prior to March 1, 1918) be in-



Chartered 1836

THE Girard Trust Company offers to banks, bankers and individuals the services of its Real Estate Department for the care and examination of properties in Philadelphia and vicinity.

This Department combines every advantage of a real estate agency with the added security of a trust company.

GIRARD TRUST COMPANY

BROAD AND CHESTNUT STREETS, PHILADELPHIA

Member Federal
Reserve System

EFFINGHAM B. MORRIS
President

Capital and Surplus
\$10,000,000

cluded in taxable income for surtax purposes, only.

7. That corporations be required to advise stockholders as to which year's earnings are distributed and the average undistributed profits tax rate, if any, paid on such earnings by the corporation.

8. That stockholders include in income for their previous taxable year all dividends received from corporations within four months after the close of such taxable year.

9. That all tax exempt corporate income be deemed to be distributed first and that individuals receiving such tax-exempt income exclude it from their taxable income.

10. That corporate losses during any year be applied to corporate profits of the year immediately preceding upon which an undistributed profits tax has been paid, and that losses in any one year over and above the undistributed profits of the immediately previous year be applied against undistributed profits of the immediate succeeding year.

11. For the purpose of determining profits, there shall be construed as a distribution of earnings all dividends, in whatever form made which shall be defined by the law and sustained by the courts as taxable to the individual.

12. That corporations be required to file undistributed profits tax returns within six months after the close of their taxable years, reporting in conformity with the proposed plan, and that individuals be required to file their individual income tax returns within six months after the close of their taxable year, and include the elements as herein outlined.

BUYERS' STRIKE NEARS END

That the "buyers' strike" is almost over is the opinion of John G. Lonsdale, president of the National Bank of Commerce in St. Louis who stated in a recent interview:

The buyers' strike, however, will not continue indefinitely, for the obvious reason that price inequities are gradually being corrected. The time is not many months distant when the consuming public will cease to be obsessed with the belief that prices are unduly increased by the middle man. We shall then have more stable business conditions upon a reasonable price basis.

LEGAL INTERFERENCE DANGEROUS

The Guaranty Trust Company of New York notes a tendency in many quarters to mistake the credit situation alone as the fundamental cause of the

present business depression. In accordance with this notion it finds that some legal measures are being proposed having as their purpose the arbitrary limitation of the discretionary powers of the Federal Reserve Board. For example:

There has been introduced in the House of Representatives a bill which would prohibit Federal Reserve banks from charging member banks in any transaction with them a greater rate of interest than 5 per cent. per annum. The passage of this bill would automatically deprive the Federal Reserve banks of the power they now possess for controlling inflation. The inevitable result would be to recreate conditions under which money panics might be precipitated; and one of the chief purposes for which the Federal Reserve system was designed is the prevention of such panics.

Likewise, it has been proposed to amend the Federal Reserve Act with a view to restricting the authority of the Federal Reserve board in curtailing credit. The suggested amendment reads as follows: "The Federal Reserve board shall have no power or authority to restrict the amount or class of eligible paper a member bank may rediscount so long as it complies with the law that applies to member banks, except by an order adopted by two-thirds of the members of the Federal Reserve board, copy of which shall be mailed to all banks affected thereby. Said resolutions shall not take effect until thirty days after receipt by member banks."

Such an arbitrary legal regulation would be fraught with possibilities for mischief, and worse. The advance notice of a forthcoming restriction upon eligible paper, under conditions which this proposed amendment would create, would induce a rush of demands upon the member banks for credit accommodations. Prospective borrowers would wish to obtain accommodations before the restriction should become effective. Instead of aiding in a stabilization of credit conditions, therefore, the effect of such an amendment would be to weaken the Federal Reserve system as a preventive of financial panics.

Whatever its shortcomings, the Federal Reserve Act has proved to be providential for the United States. It provided a banking system which was strong enough to withstand the greatest credit strain ever experienced in this country, and which not only successfully functioned during the dangerous inflation period, but also has subsequently met the "acid test" of the even more dangerous deflation period with equal success. It cannot continue to operate so helpfully if in every detail the power of the Federal Reserve board to regulate credit is minutely prescribed by law.

Ask Your Stationer for
Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

Manufactured by Southworth Company, Mittineague, Mass.

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F. W. ANDERSON & CO.

INCORPORATED

34 Beekman Street, New York

FINANCING OUR EXPORT TRADE

Speaking before the New England Bankers Association, F. W. Gehle of the Mechanics and Metals National Bank, New York, had the following to say about the difficulties which confront the organizers of the proposed Foreign Trade Financing Corporation:

Were the machinery now in operation which the proposed Foreign Trade Financing Corporation intends to set up, it would assist materially in establishing a sound basis for the entire country's export trade. You naturally ask why it is not set up now and at work. It is exactly six months ago today that the organization committee of this corporation was appointed at the nationwide conference of bankers and business men that was held at Chicago under the auspices of the American Bankers Association, the Chamber of Commerce of the United States and the National Foreign Trade Council. This organization committee set out to form a corporation with \$100,000,000 of capital which would have the power to extend credit to the extent of \$1,100,000,000. It carried its campaign to every bank and every exporter of the country. Had a fair proportion of these responded to the campaign favorably, the corporation would be in operation today. But one obstacle followed another. Objection was made to the size of the corporation. People wanted to know what the profit was to be on the stock. They wanted to know where credit was to be extended, and why. Legal restrictions in a majority of the states of the union were met. A sentiment was discovered against the extension of credit to foreign people.

In these and like obstructions you have

the answer to the question which asks why the machinery of the Foreign Trade Financing Corporation is not set up now and at work. If there has been any undue delay in getting the machinery of this corporation moving, fault certainly does not rest with the organization committee. The members of this committee have labored hard and well, and I personally have a distinct sense of pride in the humble part that I was called upon by these men to take in assisting them with their work. Perhaps I am prejudiced in their favor by having been in close contact with them during their activities, but certainly through that contact, I learned how clearly these gentlemen saw the obligation that they had assumed and how splendidly they fulfilled their part. If the American banks and exporters did not subscribe at once to the \$100,000,000 of stock it was *not* the fault of the committee. The fault, in my estimation lies with the general attitude of the country, which until recently was one not of a great vision, but one more or less of complacency and self-satisfaction. Having since 1914 had the trade of the world thrust upon them, and having profited vastly as a consequence, there was among the rank and file of our people a sentiment that some how or other trade and its profits would go on, regardless of the warnings that were being issued of the impending change. Most of us, when the prohibition amendment was passed could not visualize the dryness that was ahead and failed to provide sufficient liquor for the drought. The same shortsightedness was responsible for our failure to provide for many other changes that have occurred. Not appreciating that an end must come to our enormous exports unless customers could go on buying, the American people declined to cooperate in the creation of the machinery that was to spare that trade to them.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia



OUT-OF-TOWN CUSTOMERS of the Mercantile are expected to feel as free to call upon us as if we were a part of their own organization.

Here in New York we find frequent opportunity to serve those who are here themselves only at infrequent intervals.

If you desire a New York banking service which seeks to make itself a strong factor in the success of your plans, you are invited to get in touch with us.

MERCANTILE TRUST COMPANY

115 BROADWAY, NEW YORK
(Opposite Equitable Building)

(Member of Federal Reserve System)



THE Ticonic National Bank at Waterville, Maine, is a successful, well-managed institution and its new banking house recently completed, is in keeping with the high standing of the bank. Built of cherry red brick, with granite base and limestone trimmings, it is a credit to the bank and an ornament to Maine's thriving and prosperous city. It was planned by

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

31 East 27th St., New York

511 Blackstone Building, Cleveland, Ohio

EASTERN STATES

CONVENTION DATES

Delaware at Rehoboth, Sept. 1.

**NATIONAL CITY BANK OPENS
FORTY-SECOND STREET
BRANCH**

The Forty-second street branch, formerly the Commercial Exchange National Bank, of the National City Bank of New York, has opened for business in the former Manhattan Hotel building on Madison avenue and Forty-second street, which the bank purchased some time ago and converted into a modern office building. Banking quarters have been established on the ground floor of the building which will make possible the extension to the uptown business community of every facility offered by the head office in Wall street.

Coincident with the opening of the Forty-second street branch, smaller branches which were former branches of the Commercial Exchange National Bank at Broadway and Twenty-sixth street, and on the Bowery at Bond street, were opened as branches of the National City Bank.

Former officials of the Commercial Exchange National Bank, were named officials of the National City Bank and were distributed among the bank's uptown offices, Louis Fahs, formerly president of the Commercial Exchange National, was made a vice-president of the National City and will be stationed at the Bowery branch; Louis J. Adrian became an assistant vice-president and goes to the Broadway and Twenty-sixth street branch. George Kern and Edward P. Hoffman were named assistant cashiers and assigned to the Bowery branch. Harry Engel became an assistant cashier and was assigned to the Broadway and Twenty-sixth street branch.

Nicholas F. Brady, a director of the National City Bank, was elected a director of the National City Company.

**MANUFACTURERS TRUST COMPANY
TO OPEN BRANCH**

The Manufacturers Trust Company of Brooklyn and New York announces that it has been granted permission by the superintendent of banks of the state of New York to open a branch office at 139 Broadway, Manhattan, in the special entire building formerly occupied by the Liberty National Bank and more recently occupied by Hannevig & Company, exporters.

1781

**The Oldest Bank
in America**

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$1,000,000**, Surplus and Undivided Profits of **\$2,375,000** and Total Resources of over **\$35,000,000**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

**THE BANK OF
NORTH AMERICA**

(NATIONAL BANK)

PHILADELPHIA

1921

The building is completely equipped with modern vaults, fixtures and furniture, ready for a bank to do business.

When details are completed this will give the Manufacturers Trust Company two offices in Manhattan, two in Brooklyn and one in Queens, the latter when the merger of the Ridgewood National Bank into the Manufacturers Trust Company as recently contracted for, shall have been completed.

After the above consolidations are effected, the capital and surplus will be in excess of \$4,500,000 and deposits over \$40,000,000 making the Manufacturers Trust Company the largest business banking institution having its main office in Brooklyn.

UNITED STATES MORTGAGE AND TRUST TO INCREASE CAPITAL

A special meeting of the stockholders of the United States Mortgage and Trust Company has been called to authorize an increase of \$1,000,000 to \$3,000,000 in the stock.

EQUITABLE TRUST COMPANY WINS GOLF TOURNAMENT

The golf team of the Equitable Trust Company of New York proved too strong for its adversaries in the annual golf tournament held Tuesday, June 21, over the



● UNDERWOOD & UNDERWOOD

Gol team of the Equitable Trust Company of New York, winners of the annual golf tournament

course of the Oakland Golf Club, Bayside, Long Island.

Eighteen banks and trust companies competed for trophies presented by Alvin W. Krech, president of the Equitable Trust Company and Charles H. Sabin, president of the Guaranty Trust Company.

Each team consisted of five men, each of whom matched drives and brassie shots with eighteen opponents. After the last putt had clicked into the cup, the compilation of scores and points began, to end sometime after midnight.

The Equitable's total of points won amounted to the remarkable sum of 623, as compared with 266 for the City Bank and 221 for the New York Trust Company, its nearest rivals for honors.

The lowest gross score, a 78, was made by John J. Kane of the Equitable, who won the Alvin W. Krech trophy; other low gross scores were made by E. T. Johnson, Irving National, 79; E. H. Gates, Chase National, 80; Robert Forgan, National City, 80; Harrol Tenney, New York Trust, 80.

The scores of the winning Equitable team were: John J. Kane, 78; Richard E. Hanson, 81; David Rogers, 85; James I. Bush, 87; Edward Pfirman, 87.

Complete scores follow:

Equitable Trust Company.....	623
National City Bank.....	266
New York Trust Company.....	221
Chase National Bank.....	164
Irving National Bank.....	153
Central Union Trust Company.....	124
Guaranty Trust Company.....	113
Federal Reserve Bank.....	57
U. S. Mortgage & Trust Company.....	31
Minus	
Chemical National Bank	56
Corn Exchange Bank.....	76
American Exchange National Bank.....	108
Farmers Loan & Trust Company.....	120
Bankers Trust Company.....	112
Mercantile Trust Company.....	232
National Bank of Commerce.....	272
Empire Trust Company.....	341
Columbia Trust Company.....	343

CHARLES V. RICH RESIGNS FROM NATIONAL CITY BANK

Charles V. Rich, one of the four executive managers of the National City Bank, presented his resignation to Charles E. Mitchell, president, and it was accepted. Mr. Rich, accompanied by Mrs. Rich and their two children, have sailed for Europe on an extended vacation.

It was made plain by officials of the bank and by Mr. Rich that there was nothing back of his action other than the desire to drop active banking connections and take a long rest.

Mr. Rich, who is just entering his fortieth year, was one of the young men who came out of the West in the footsteps of Frank A. Vanderlip and rose within a short time. Mr. Rich got his first banking experience in the Illinois Trust and Savings Bank of Chicago under John J. Mitchell. He was then fifteen years old. Pro-

motions came rapidly to him, and he was made assistant to the cashier. In this place he formed an acquaintance with Mr. Vanderlip, and when the latter was appointed assistant secretary of the treasury in the first McKinley administration he took Mr. Rich along with him. After Mr. Vanderlip stepped out of the treasury department to become head of the National City Bank, Mr. Rich became secretary to Lyman J. Gage, secretary of the treasury. On the retirement of Secretary Gage, Mr. Rich made a connection in New York with the bond house of Farson, Leach & Company, which has been dissolved. It was not long before Mr. Vanderlip looked up Mr. Rich and took him into the National City Bank, first as a clerk in the bond department, then as its head, later as a vice-president and subsequently, when the organization was radically changed, as an executive manager. He was one of the four men prominent in the financial affairs of Wall street who were considered for the presidency of the bank to which Charles E. Mitchell was elected when Mr. Stillman recently resigned.

FORTY-FOURTH BRANCH OF CORN EXCHANGE BANK OPENED

The Seventh Avenue branch of the Corn Exchange Bank opened for business at Sixteenth street and Seventh avenue on June 17. The manager of the new branch bank is J. W. Barry, until recently assistant manager of the Corn Exchange's Audubon branch at Washington Heights.

Mr. Barry is a bank executive of experience and brings to the new branch a thorough knowledge of the successful methods of the Corn Exchange policies.

FRANK HEDLEY

Frank Hedley, president of the Interborough Rapid Transit, has been elected a director of both the Hudson Trust Company and Hudson Safe Deposit Company, New York.

ADVERTISING AGENCY IN NEW QUARTERS

The financial advertising agency of Rudolph Guenther-Russell Law, Inc., has removed its offices from 25 Broad street, New York, to its newly completed five-story building at 131 Cedar street. The building houses a complete unit for the handling of financial advertising as well as

for the copy writing, planning and executive phases of the business.

COLUMBIA TRUST APPOINTMENTS

Walter G. Kimball, formerly treasurer, has been elected vice-president of the Columbia Trust Company of New York, and Arthur W. Hutchins has been elected treasurer, at the same time retaining his present title of secretary.

COLUMBIA TRUST COMPANY OF NEW YORK NEW BRANCH BUILDING

The Columbia Trust Company of New York has recently acquired property at 151-153 West One Hundred and Twenty-fifth street. The present quarters of the bank at the southwest corner of Lenox avenue



New building for the Harlem branch of the Columbia Trust Company of New York

and One Hundred and Twenty-fifth street is not large enough to accommodate the rapidly growing business, and the great development in the safe deposit requirements throughout Harlem have caused the bank to make special provision in this connection.

All of the other branches of the bank, the headquarters at 60 Broadway, Thirty-fourth



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ARTHUR A. G. LUDERS

Mr. Luders, who is trust officer of the Coal and Iron National Bank of New York, was elected treasurer of the New York Bankers' Association at the recent convention.

street and Fifth avenue, and One Hundred and Forty-eighth street, and Third avenue, have each had their vault accommodation improved in every way, but the new branch has an entirely new equipment with a vault 30 x 15 feet in course of manufacture with a door that will weigh twenty-two tons, and has every provision against burglar, mob or fire attack that is known to the skill of the vault engineer.

In connection with this there will be not only private consultation rooms, but a dozen booths specially provided with all the same facilities that the best equipped safe deposit departments of the downtown banks possess. A very unique feature in the protection of the vault is an entirely new form of concrete which is going to be used, which can neither be burnt through nor cut through. The main banking equipment is divided into two sections with ample officers' accommodation. There is a complete women's department.

The exterior of the building is a chased Colonial treatment with a simple dignified pediment over a colonnade, all of which will be constructed in selected limestone. The general counters will be treated in marble and American walnut. The floor of the bank will consist of a material looking like marble but having all the softness and durability of India rubber.

The work has all been designed and will be executed under the personal supervision of the bank architect and engineer, Alfred C. Bossom.

AN INTERESTING BOOKLET ON LOWER NEW YORK

The Seaboard National Bank, New York, has issued a very unusual and interesting booklet containing an historical sketch of Manhattan from the time of the arrival of the "Half Moon" in 1609. We quote as follows from the foreword:

"We do not agree with the more or less popular conception that even a serious and conservative bank should be conducted as if it were a financial morgue and that its president should have a face that could be appropriately chosen as a frontispiece for the Book of Lamentations, with an expression that reflects the well-known character of Uriah Heep. On the contrary, he should, when opportunity offers, drop some comic relief into the sombre scenes in which he is usually cast, to lighten up the gloom, as it were. With this idea in mind, we have attempted to write a few lines describing the arrival of a man making his first visit to New York, to which he has looked forward as the event of his life, a Mecca about which he has been reading up ever since he was a boy, so that he would be properly informed when he arrived and could enjoy it to the limit."

As a guide book this is certainly a unique publication and should prove of unusual interest.

ARTHUR WARTHEN

Arthur Warthen, formerly with the National City Bank of New York, has been appointed general manager of the foreign exchange department of the American Express Company.

CHELSEA EXCHANGE BANK

The Chelsea Exchange Bank of New York has opened a day and night branch in the theater and shopping district, 1,600 Broadway, at the corner of Forty-eighth street and Seventh avenue.

KIDDER, PEABODY & COMPANY

Kidder, Peabody & Company opened on July 6 a branch office at 45 East Forty-second street, New York.

PLAN TO DISCOUNT BANK ACCEPTANCES

Believing that the money market has reached a point where rates are likely to remain stable over considerable periods, or that changes in rates will take place slowly, the discount house of Salomon Brothers & Hutzler, New York has inaugurated a plan of purchasing bank and bankers' acceptances for future delivery. "Forward" business in acceptances heretofore has been carried on in this market in a small way by a few dealers, but Salomon Brothers & Hutzler's action in undertaking this business on a large scale marks a new departure in the discount market.

The plan, as outlined by A. K. Salomon, will enable importers, exporters and other users of bank acceptances to arrange for the financing of transactions as much as three months in advance of the time when these transactions are actually effected. In this way merchants will be enabled to make definite plans for future business, eliminating the risk of loss through changes in money conditions which might occur before a transaction was completed. The system of future dealings in acceptances has long been practiced in London, and has been one of the factors which have given the facilities of the London money market an international reputation.

Under the plan which is being inaugurated by Salomon Brothers & Hutzler an exporter who expects within thirty, sixty or ninety days to receive a bank acceptance in payment for a shipment to a customer may contract with the firm to purchase the acceptance at a stated rate of discount. Similar procedure could be followed by importers who raise funds for foreign payments by discounting bank acceptances. Contracts will be made by Salomon Brothers & Hutzler for the purchase of acceptances up to six months' maturity.

With regard to the rate of discount at which these contracts will be made, it was explained that the "spread" between the spot rate and the future rate would be determined by the firm's judgment of money market conditions. Where it was believed that the trend of rates was distinctly downward, it might be that the rate for forward transactions would be lower than the spot rate. It was expected that the discount on



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future deliveries would usually amount to about one-eighth of 1 per cent. a month. If the spot discount rate was 5 per cent., the rate for thirty-day contracts would be $6\frac{1}{8}$, that for sixty days $6\frac{1}{4}$, and that for ninety days $6\frac{3}{8}$ per cent.

HOW THE ADVERTISING AGENCY FUNCTIONS

At the Advertising Convention at Atlanta, Charles W. Hoyt of Hoyt's Service, Inc., New York, delivered an address which was headed, "How the Advertising Agency Functions." Mr. Hoyt showed how a typical advertising account is handled by the various departments.

NEW YORK'S USURY LAW

Speaking before the New York State Bankers Convention at Atlantic City, Lewis G. Harriman, vice-president of the Fidelity Trust Company of Buffalo took occasion to discuss the present New York Usury Law as follows:

Our recent financial experiences have brought out clearly that the present Usury Law in New York state has presented an illogical legal obstacle to a proper handling of the credit situation. The purpose of limiting the interest rate to 6 per cent. was, of course, the protection of the borrower of small means, yet the question of such protection is not greatly involved in lending money for purely commercial purposes where a fair profit must be earned by the lender to permit of making the loan. The result of a strict following of the law would be to penalize the poorer man, the man with poorer collateral or other security to offer, for the risk taken in making a loan bears an inevitable relationship with the rate charged and in times of stringency when the corporation can get accommodation only at rates above 6 per cent., the individual is handicapped in getting accommodation at all by the fact that banks make loans to such persons at the prevailing rate at their peril or else resort to all sorts of methods, such as bonuses and commissions to cover up the exact details of the transaction. A natural person should have the same privilege as the corporation—to borrow money on such terms as he can in a free market, paying a rate proportionate to the security he offers. A prejudice has been created against rates in excess of 6 per cent. and an incentive therefore established to falsify public records and to make mortgages, for example, on terms other than what they appear. The result is that in many cases the granting of credit has simply not been considered feasible and construction work for the general good of the public has been prevented. Mr. Purdy of New York City, one of the leading authorities on such matters, is of the opinion that nine-tenths of all conveyances and a large percentage of mortgages recite untrue considerations. He also reminds us that there is no Usury Law in Massachusetts and the records there show rates running up to 12 per cent.—yet no one seriously believes that the borrower in Massachusetts really pays more than in New York. There are cases where it may be entirely prudent for a man to pay 20 per cent. for a loan to save an enterprise from failure, nor is it in any way improper for one knowing the facts to take the risk of lending the money at 20 per cent. The lender becomes a special partner in the enterprise which perhaps is likely to produce a very substantial profit to the borrower, the lender often has to take a subordinate claim as against other claims for his ad-

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vances, and very frequently the effect of his lending may be definitely to prevent disaster and do good economically from the standpoint of the public interest. There will be little reason to complain about the failure of New York State trust companies to help finance building operations if rates were adjusted to meet the market and not handled in an arbitrary and uneconomic way. Let us make the market free and public records honest. Certainly there could be no better time than the present to change this situation.

FRED M. KIRBY

The directors of the Metropolitan Life Insurance Company of New York have elected Fred M. Kirby, president of the Miners Bank of Wilkes-Barre, Pa., to fill a vacancy in their board.

GUARANTY COMPANY APPOINTMENTS

At a meeting of the executive committee of the board of directors, Frederick P. Fiske was appointed an assistant vice-president of the Guaranty Company of New York. At the same meeting the resignation

of Clifford C. Collings as manager of the company's Baltimore office was accepted with regret. Edward Stair was appointed to succeed him.

BOOKLET ON EMERGENCY TARIFF ACT

A booklet on the Emergency Tariff Act, which was approved by the President on May 27, 1921, has been issued by the Guaranty Trust Company of New York.

The booklet contains the complete text of the law which imposes temporary duties on the importation of agricultural products. Special duties are also imposed on imported merchandise sold at less than its "fair value" when the secretary of the treasury is of opinion that the importation would injure an industry or prevent its establishment in the United States, and special protection is given to the dye and chemical industry for a period of three months.

J. LESTER PARSONS

J. Lester Parsons has been elected a director of the Fidelity-International Trust Company of New York.

QUARTERLY DIVIDENDS DECLARED

The directors of the Mechanics & Metals National Bank of New York declared the regular quarterly dividend of five per cent., payable July 1, to stockholders of record June 18.

The board of trustees of the Equitable Trust Company of New York declared a quarterly dividend of four per cent. payable June 30 to stock of record June 22.

The board of directors of the Guaranty Trust Company of New York has declared a quarterly dividend of five per cent. on the capital stock for the quarter ending June 30, payable on that date to stockholders of record June 17.

At a meeting of the board of directors of the Italian Discount and Trust Company of New York, a five per cent. dividend was declared for the six months ending June 30, payable July 1.

The trustees of the New York Trust Company, at a regular meeting declared a quarterly dividend of five per cent. on the \$10,000,000 capital stock of the company, payable June 30 to stockholders of record June 18. This is the first dividend declared by the New York Trust Company since the merger with the Liberty National Bank.

The Hudson Trust Company has declared a regular quarterly dividend of 2½ per cent., payable June 30, to stockholders as of record on June 21.

The board of directors of the Bankers Trust Company of New York has declared the regular quarterly dividend of five per cent. payable July 1 to stockholders of record June 24.

A quarterly dividend of three per cent. and an extra dividend of one per cent. have been declared upon the capital stock of the Empire Trust Company of New York, payable on June 29 to stockholders of record at the close of business June 25.

A quarterly dividend of 1½ per cent. also has been declared upon the capital stock of the Empire Safe Deposit Company of New York, payable on June 30 to stockholders of record at the close of business June 25.

THRIFT PAMPHLET TO BE DISTRIBUTED THROUGH SCHOOLS

A pamphlet, "The Secret of Thrift," by Professor Clifford B. Upton, of Columbia University, is being distributed by the American Bankers' Association, Savings Bank Division, to the children of the higher grades in city public school. The pam-

phlet discusses thrift and systematic saving. Many tables are reproduced, showing how money at compound interest increases.

SAMUEL E. A. STERN

Samuel E. A. Stern has been elected a vice-president of the Fifth National Bank of New York. He retains his place in the firm of Stern, Barr & Tyler.

SAVINGS BANKS DEPOSITS SHOW THRIFT

Despite the so-called financial depression the small savers of New York state put into the savings banks \$41,357,796 more than they withdrew during the first three months of 1921, according to figures issued by the Savings Banks Association of the state of New York.

Greater New York City people, generally believed to be the greatest spenders in the world, made notable gains in savings during January, February and March, while the only decreases in deposits were recorded in the industrial centers lying between Albany and Buffalo. Widespread unemployment is the reason for the decrease assigned by the savings bankers.

The actual amount deposited in the 142 savings banks in the state during the three-month period was \$279,461,256, while the total amount withdrawn was \$238,103,460, making the excess of deposits over withdrawals \$41,357,796.

The amount due depositors on April 1 was \$2,574,560,350, an increase over January 1, 1921 of \$41,907,889, including some quarterly dividends.

"The orgy of spending which followed on the heels of the war is over," declares John J. Pulleyn, president of the Savings Banks Association, "and the people are settling down to their pre-war ways. Time and again we have been called a nation of spenders, but I believe that the time is near at hand when Americans will evolve a new idea of thrift. The various thrift movements which have been launched in the last year are having their effect on the public mind. This is indicated by the increases in savings banks deposits in the face of the so-called financial depression.

"The withdrawals from a few of the savings banks in the industrial sections of the state are to be expected. But think what conditions would be in the homes of the unemployed if they had not saved when they were enjoying war-time prosperity? Those who saved for the proverbial 'rainy

day' now are cashing in on their good judgment."

NELSON HYDE GOES TO CITY BANK TRUST COMPANY

Nelson C. Hyde of the Bankers Trust Company has been elected vice-president of the City Bank Trust Company of Syracuse, N. Y. and tendered his resignation which took effect July 1. Mr. Hyde, a former Syracuse and Washington newspaper man, has been with the publicity department of the Bankers Trust Company for the last two years. He has been editor of the *Pyramid* and during the past year has served as president of the Bankers' Club, comprising the company's employees.

V. M. POWELL

At the regular meeting of the board of trustees of the Home Savings Bank of Brooklyn, N. Y., held June 8, V. M. Powell, cashier of the bank, was elected a trustee.

OFFICE BUILDING FOR NEGRO BANK

The negro banking firm of Brown & Stevens of Philadelphia, Washington and Baltimore will build a nine-story office building to house its New York activities. The site is at 335 to 341 West Fifty-ninth street, on the block between Columbus Circle and Columbus avenue. The negro project is to be carried on by a company just formed by Katz & Levy, attorneys, and having I. D. Brokaw as president. The bankers will occupy the ground floor of the proposed structure and the upper part will be utilized for offices and lofts.

FARMERS LOAN AND TRUST COMPANY

At the annual election of the Farmers Loan and Trust Company of New York, Frederick Osborn was elected a director to fill a vacancy. All the retiring directors were re-elected.

NATIONAL CITY BANK DROPS PLAN OF FOUR EXECUTIVE MANAGERS

The system of management of the National City Bank of New York, under which it has been governed in rotation by four executive managers, after the English fashion, has been radically changed by vote of the directors. Hereafter the bank will be governed by the president and vice-presidents in direct line management. Charles E. Mitchell, president, made an-

nouncement of the change at the conclusion of the board meeting, when regular dividends for both the National City Bank and the National City Company were declared. Eric P. Swenson, chairman of the National City Bank board, was elected to fill the chairmanship of the National City Company, from which James A. Stillman had resigned, it was announced. Mr. Mitchell retains his place as its president.

The system of bank management, revised by Mr. Swenson, Mr. Mitchell and the other directors, was an idea inaugurated by Frank A. Vanderlip, formerly head of the bank, after he had made a careful study of bank management abroad. It has been in effect four years. Charles V. Rich, Vere Brown, John H. Fulton and William A. Simonson were the executive managers and, in rotation, each man became head of the board.

In the reorganization Mr. Rich resigned, Mr. Fulton and Mr. Simonson became senior vice-presidents and Mr. Brown a vice-president. James E. O'Neil, president of the Prairie Oil Company and of the Prairie Pipe Line Company, was elected a director. W. W. Hoffman was named to take charge of the trust department succeeding Thomas A. Reynolds, who leaves the trust department to take charge of the Forty-second street branch of the National City Bank.

The National City Bank's dividend of four per cent. quarterly and one per cent. extra, the usual dividend, is payable July 1. That of the National City Company, of two per cent. quarterly, is payable on the same date.

TO BUILD UPTOWN BRANCH

The New York Life Insurance and Trust Company has taken over a long-term lease on the property at the southwest corner of Madison avenue and Sixty-fifth street, owned by Oliver J. Wells. The company intends to establish an uptown branch there. The building on the site will be razed and a five-story structure take its place.

NEW METROPOLITAN BANK BRANCH

The Metropolitan Bank, controlled by the Chase National Bank of New York, has opened a branch office at Madison avenue and Forty-first street. The branch will be in charge of H. Cline and O. T. Stepbach, assistant cashiers. The Metropolitan Bank now has five branches in New York and one in Brooklyn. Formal consolidation of the

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Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

Metropolitan Bank and the Chase National Bank probably will take place this year.

C. H. WILMERDING

The Equitable Trust Company of New York announces the appointment of C. H. Wilmerding as an assistant manager of the Chicago office of the company.

NATIONAL CITY COMPANY BOOKLET

The latest booklet issued by the National City Company of New York on "The Giant Energy" contains interesting data on public utilities in general, and the light and power business in particular.

BANK OF LAWRENCE IN NEW BUILDING

The Bank of Lawrence, Lawrence, L. I., opened for business June 6 in its new home, an individual bank building which has been erected on a new site recently purchased by the bank.

The Bank of Lawrence was originated in the year 1903 and has grown very rapidly, due principally to the great amount of seasonal business which accompanies the influx of summer residents of Lawrence, Hewlett, Cedarhurst and Woodmere. Its

resources now approximate \$2,000,000. The new building was erected during the administration of the following officers and directors: Dr. J. Carl Schmuck, president; Divine Hewlett, vice-president; John A. Bath, cashier. Directors: Morris F. Craft, James W. Safford, Winfield S. Vandewater and John H. Smith.

The building which was designed, built, equipped and decorated throughout by Hoggson Brothers, the New York and Chicago specialists in bank design and construction, is situated on a lot forty-five by one hundred feet in area and is executed in the Georgian Colonial style of architecture with an exterior of Indiana limestone, granite, brick and terra cotta.

RESERVE CITY BANKERS ELECT C. H. MARFIELD

C. Howard Marfield of New York was elected president of the Association of Reserve City Bankers at the final session of its annual convention at Buffalo, N. Y. Other officers elected were George R. Rodgers of Buffalo, vice-president, and James F. Mead of Kansas City, secretary and treasurer, Kansas City, Mo., was chosen as the 1922 convention city.

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ECONOMIC CONDITIONS IN NEW ENGLAND STATES

BUYING in New England is still largely on the hand-to-mouth basis, but in spite of this the aggregate volume of trade is large. Banking interests are conservatively optimistic. They are not looking for any boom, nor do they believe that recovery in business is likely to be rapid, but they do believe that in practically every line the trend is steadily upward. There is a stiff demand for money and rates rule around seven per cent. Savings banks report a great demand for mortgage loans—a demand far greater than they are able to meet. Real estate loans are being closely scrutinized, for while real estate values are dropping back toward normal they have by no means reached the limit as yet, and borrowers are loath to accept the bank's valuation of a piece of property in the face of the price which said borrower is being charged for it. But the situation is well in hand however and is being admirably handled by the banks.

The retail stores report a fair volume of business but, as one store manager puts it, "Business is 'spotty'—good one day and poor the next." Collections in retail lines are a bit slow.

Building and construction work is on the increase, but a great deal of work is being further postponed in the belief that labor costs have not yet hit the lowest level. Many well-informed New England architects coincide with this opinion and openly state that they believe both materials and labor will be lower before the summer is over.

The textile industry, which made such rapid strides earlier in the year, has maintained its gains but, for the time being is not maintaining its former rate of improvement. There is still considerable hesitancy

in buying far into the future, although the day-to-day business of the woolen mills is sufficient to keep them running at fair capacity. There is greater uncertainty in cotton circles than in the wool trade. Hides, leather and shoes are quiet but the general opinion is that the outlook is improving. The reluctance of retailers to meet the price cuts of the wholesalers is still a sore point in the industry.

In general, manufacturing lines are rather quiet but interviews with manufacturers of wire goods, steel products and other well known New England products disclose a belief that there is business in sight and they are preparing to go after it hard after the vacation season is over.

Business failures in New England are still above normal, but for the most part they involve only small concerns of limited influence, and the failures cannot be attributed to any special strain or any new or abnormal conditions.

The number of new corporations is large and covers many different lines. The volume of real estate transactions, while showing a rather steady decrease, is still above normal. A large proportion of the transactions involve improved property. There is very little speculative activity.



MASSACHUSETTS AND CONNECTI- CUT ASSOCIATIONS HOLD AN- NUAL MEETINGS

The Massachusetts Bankers Association at its annual meeting elected the following-named officers:

President, Warren M. King, president Northampton National Bank; vice-president, Allan Forbes, president State Street Trust Company of Boston; treasurer, Josiah H. Gifford, vice-president Merchants

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National Bank of Salem; executive council for three years, F. C. Waite, vice-president Merchants National Bank of Boston; M. S. Converse, treasurer Worcester Five Cents Savings Bank, and Arthur B. Chapin, vice-president American Trust Company of Boston.

The new officers chosen by the Connecticut association are:

President, Frank M. Clark, cashier Birmingham National Bank of Derby; vice-president, W. Perry Curtiss, president New Haven Trust Company; secretary, Charles E. Hoyt, treasurer South Norwalk Trust Company; treasurer, F. G. Sanford, cashier, First National Bank of Stafford Springs; executive council, E. S. Wolfe, president First Bridgeport National Bank; R. E. Chambers, cashier Ansonia National Bank; H. H. Warner, cashier Central National Bank of Middletown; Henry M. Sperry, vice-president First National Bank of Hartford, and F. E. Storer, cashier Windham County National Bank of Danielson. The Connecticut association has made an arrangement whereby it is expected that the smaller banks of the state will be able to secure insurance on a much more satisfactory basis.

NEW BANK CONSTRUCTION

As indicating the present activity in new bank building construction and improvements the offices of Thomas M. James Company, Boston, New York and Cleveland, are working on the following projects:

Lewiston Trust Co., Lewiston, Me.—An individual fireproof bank building with limestone exterior.

Savings Investment and Trust Company, East Orange, N. J.—Individual Bank building of light buff brick and Indiana limestone exterior.

Bellows Falls Savings Institution, Bellows Falls, Vt.—Exterior remodelling and enlargements.

First National Bank, Biddeford, Maine.—Individual fireproof building of tapestry brick with cast stone trimmings.

National Bank of Commerce, New London, Conn.—Individual bank building, fireproof construction, dark red waterstruck brick, white Vermont marble exterior.

Arlington Five Cents Savings Bank, Arlington, Mass.—Extensive alterations and remodelling.

Metropolitan Trust Company, Boston, Mass. Extensive remodelling and altera-

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Stamps \$1.00

\$5 War Savings
Stamps \$4.18

\$25 Treasury Savings
Certificates . . \$20.90

\$100 Treasury Savings
Certificates . . \$83.60

\$1000 Treasury Savings
Certificates . . \$836.00

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They are backed by the nation's strength

On Sale at Banks and Post Offices

Government Loan Organization

Second Federal Reserve District

120 Broadway, New York

tions in first story of modern office building.

Haverhill Trust Company, Haverhill, Mass.—Extensive additions to present banking room.

Springfield National Bank, Springfield, Mass. Extensive enlargement and remodeling, increasing banking area about 100 per cent.

Workingmen's Cooperative Bank, Boston, Mass.—Six-story fireproof bank and office building with an exterior of gray brick and limestone trimmings.

Slater Trust Company, Pawtucket, R. I.—Extensive enlargement and remodeling of existing building.

Beacon Trust Company (Faneuil Hall Branch), Boston, Mass.—Complete new banking interior in marble and bronze in twelve story fireproof office building.

Citizens Savings Bank, Fall River, Mass.—Extensive remodeling and addition to present building—granite construction.

Public National Bank, Rochester, N. H.—Remodelling of existing building for banking purposes.

First National Bank of Fort Wayne,

Ind.—Fourteen story fireproof modern bank and office building—bank occupying entire basement, first floor, and mezzanine floor.

First National Bank, Seabright, N. J.—Alterations.

National Mount Wollaston Bank, Quincy, Mass.—Individual fireproof bank building, granite exterior.

South Boston Savings Bank, South Boston, Mass.—Interior alterations.

Seacoast Trust Company, Asbury Park, N. J.—Modern individual fireproof bank building, stone exterior.

Carlstadt National Bank, Carlstadt, N. J.—New interior and equipment.

OCEANIC NATIONAL BANK

The Oceanic National Bank of Boston, Mass., with a capital of \$200,000 opened for business on June 1 at 300 Washington street. The new bank is a thoroughly equipped institution with commercial, savings and foreign departments and is a member of the Federal Reserve system. The banking rooms are finished in marble and mahogany with dull bronze grill work. The officers are: Melvin M. Johnson, president; Charles B. Strout, executive vice-president; Richard Engstrom, vice-president; Merritt Stegman, cashier and Anders T. Tellstrom, assistant cashier.

NEW ENGLAND BANKERS ASSOCIATIONS MEET

Several hundred members of the New England Bankers' Associations, with their wives, gathered at the New Ocean House, Swampscott, for their eighth annual convention, June 10-11. The program included enough social events to relieve the business sessions.

At four o'clock Friday afternoon the various state associations held their annual meetings separately for the election of officers and for the transaction of the business of their own organization.

The joint banquet took place in the evening. F. B. Washburn of Worcester, former president of the Franklin Savings Bank, Boston, and president of the Massachusetts Bankers Association, served as toastmaster. State Treasurer James Jackson made an address on behalf of the Commonwealth of Massachusetts. Dr. Wallace W. Atwood, Ph. D., president of Clark University of Worcester, geologist of the United States Geological Survey since 1920, spoke on "Geographical Factors in the Development of American Industry."

Charles A. Morss, governor of the Federal Reserve Bank of Boston, presided at

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REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

the business session of the convention, which opened at ten o'clock on Saturday morning in the hotel ballroom.

Hon. William C. Redfield, former secretary of commerce and labor, who is a speaker of national reputation on business subjects and a business man with large interests himself, discussed "The Foreign Trade Situation as Applied to Long-Time Credits."

Edward H. Kittredge of the Old Colony Trust Company of Boston, third vice president of the Financial Advertisers Association, told the delegates about "Bank Publicity and How to Secure It."

George G. Bradford, sub-manager of the Union Safe Deposit Vaults of 50 State street, Boston, and president of the Massachusetts Safe Deposit Association, spoke on "New Problems of Safe Deposit Management."

At 3.30 o'clock Saturday afternoon a polo game was played at the Myopia Club.

The Tedesco Country Club extended its privilege to those who wished to play golf.

In the evening a dinner dance was held in the main dining room of the hotel.

TOWNS OF NEW AND OLD ENGLAND

To commemorate the Tercentenary of the landing of the Pilgrims, the State Street Trust Company of Boston has issued the second volume of "Towns of New England and Old England, Ireland and Scotland." The sub-title, which reads as follows, gives a good description of the contents of the volume: "Connecting Links Between Cities and Towns of New England and Those of the Same Name in England, Ireland and Scotland Containing Narratives, Descriptions, and Many Views, Some Done From Old Prints—Also Much Matter Pertaining to the Founders and Settlers of New England and to Their Memorials on Both Sides of the Atlantic."

This is without doubt one of the most interesting books ever published by a bank. As everyone knows New England is rich in historic associations with the mother country and many of its towns and cities are named after towns in the British Isles from which the early settlers emigrated. As is stated in the foreword, "the work endeavors to relate the experiences of the early settlers, to make clear the origin of the names of the new communities and to record the connecting links between places in the old country and their New England namesakes." The sketches are accompanied by many photographs and prints of interest.

The issuance of this book, which is the seventeenth annual publication of the State Street Trust Company presenting a collection of matters pertaining to the history of New England, not easily obtainable in books of reference now extant, is several months ahead of the usual time in order that it may appear during the season when there will be many pilgrimages from all parts of the world to the places in New England associated with the early history of the Pilgrims.

On account of the very great interest that has been expressed in this work, both in this country and abroad, arrangements have been made for the publication in book form of this and the earlier companion part. The work will be issued in the early autumn, in two volumes substantially and handsomely bound and will be published by G. P. Putnam's Sons, New York and London.

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$200,000
Surplus and Earnings..... 202,580
F. A. Drury, President.
T. J. Barrett, Vice-President.
H. M. Abbott, Treasurer.
Frederick J. Bye, Assistant Treasurer.
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Indiana Limestone was selected for its construction because this beautiful, natural stone possesses the essentials of extreme durability, very high fire resistance and entire immunity from deterioration.

At your request we shall be pleased to send you our booklet on Indiana Limestone bank buildings



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Box 790 Bedford, Indiana

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina,
Georgia, Florida, Alabama, Mississippi, Louisiana, Texas,
Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

RETAIL and wholesale business has shown a general slump, throughout the South, during the past month. Department store sales have averaged nearly twenty per cent. less, expressed in dollars, over the same month of 1920. Wholesale groceries were about sixteen per cent. off, wholesale dry goods 25 per cent. off, wholesale hardware 10 per cent. off, and wholesale shoes 33 per cent. off.

But that is the dark side of the shield. There has been an increased activity in lumber and naval stores industries, and the iron and steel industry of Alabama has shown considerable improvement. While the number of failures in the section was larger, the total money involved was less.

The indications are that the situation is more favorable as a whole, but that it will do well to hold its present condition. There is no prospect for sharp improvement during the next month, in the opinion of the Federal Reserve Bank for the Atlanta district.

Road, street and building projects are becoming of greater importance in the South with the passing days. Construction of school buildings is progressing and many new ones are planned. The cost of the work is now greatly below what it would have been last year.

Definite steps to solve the housing problem are well under way. The entire South feels the shortage of houses. Louisiana appears to be more backward than other states in meeting the situation, with conditions especially acute in New Orleans, Shreveport and the other cities. A strong movement has developed in Louisiana to have new buildings exempt from taxation up to a value of \$5,000. In various parts of the South, there is reported an increasing agitation against the high and rising rents.

Miscellaneous construction, too, is making rapid strides. This includes the erection of garages, warehouses, theaters, hospitals

and sanitariums, stores, bank and office buildings.

Electric plants operated by steam and water power are being planned for many sections.

Crop conditions are favorable. The indications are that the expenses of crop-production will be the lowest that the South has known for many years.

The rice situation of Louisiana has been helped by the recent sale of 2,000,000 bags of rice to Germany. The price was between \$3.50 and \$4 a barrel, f.o.b. New Orleans, for No. 1 grade. Financial conditions in Tennessee are improved by the sale of tobacco. Florida vegetables and oranges have also brought good prices. In Mississippi,



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RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
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"ON TO RICHMOND"

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital..... 1,000,000
 Surplus and Profits.... 1,000,000
 Resources..... 15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
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Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

the dairy farmers, who produced 5,000,000 pounds of butter last year, are planning a selling campaign that will drive Northern butter from the retail stores of the South. The dairy industry of Mississippi has reached its present position in ten years, and is capable of tremendous expansion, say those who are in close touch with the situation.

Cotton farmers are greatly encouraged by the assistance given their industry by the South's first big Edge bank, the Federal International Banking Company, with headquarters in New Orleans. That institution has, to date, put out more than three million dollars into financing foreign trade shipments of cotton.

An indication of the underlying financial strength of the South was given recently when a \$300,000 farm loan issue for an agricultural proposition in Louisiana was bought up before the circulars announcing the offering could be mailed to prospective investors. A simple newspaper advertisement did the trick. Ordinarily, this investment would have come from the North, says the manager of the company handling the transaction, but every dollar was covered by Orleanians. This is taken as an indication that the South is beginning to rely on itself for the money to advance its agricultural interests.

Foreign trade has suffered considerably because of the marine strike, which has kept thousands of tons of shipping idle, but that situation will straighten itself out. A number of private ship companies have announced that they will put in the "open shop." Most of the ships making Southern

ports, however, are under the control of the shipping board, which expects to reach a settlement with the strikers, and continue union recognition.

The reduction in Atlanta federal reserve rediscount rates from seven to six per cent. is an indication of the latent strength of the South. The action was taken because banks in the section have greatly lowered their pressure on the Federal bank, and its effect has been to encourage business.

An increase in savings deposits is generally reported by Southern banks.

In Georgia, Louisiana, Mississippi and Tennessee an increase in deposits over the previous month is reported.

A large percentage of loans falling due is being renewed. Nearly all agricultural loans are being renewed, and about fifty per cent. of other classes of paper.

The government barge line on the Mississippi and Warrior has just received two more 1,500-horsepower towboats, and the announcement is made that another pair will soon take the water. Service on the Mississippi is now on a weekly basis; this new equipment will enable it to get on a less-than-weekly basis. The business of the barge line has been increasing so steadily that the government has begun to plan for the time when it will be able to turn the enterprise over to private operation, as it did the railroads.

This barge service, with its twenty per cent. lower freight rates, has been a tremendous factor in developing the Mississippi Valley in general and the South in particular, and the business leaders are anxious that the line will fall into the right hands—into hands that will not strangle the service to help the railroad game. According to present indications, a company of Mississippi Valley men will be organized to buy the equipment and operate the barge lines when the government is ready to turn it loose.

It is not expected that the government will do this for many months, because it has declared that the barge line will be operated by the government until it is a demonstrated commercial success and until it has the floating equipment and the terminals needed to assure its permanent operation. In the matter of floating equipment, the barge line is pretty well off. But it is short of terminal facilities.

Important terminal development for the barge line is to be begun shortly in New Orleans. But the other river cities have not made much progress.

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For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

CONVENTION DATES

Investment Bankers Association of America, at New Orleans, Oct. 31, Nov. 1-2.

West Virginia at Parkersburg, Sept. 14-15.

Kentucky at Louisville, August 24-25.

NEW PRESIDENT OF SECURITY NATIONAL BANK

R. W. Higginbotham of Dallas has been elected president of the Security National Bank to succeed John T. M. Johnston, who becomes president of the executive committee. At the same time it was announced by the bank that a twenty-five year lease has been taken on the basement and first and second floors of the new Magnolia building. The official announcement made by the board of directors reads as follows:

A twenty-five year lease on the basement, first and second floors of the new Magnolia building has been obtained, giving the bank the finest and most modern quarters in the South. The banking rooms are being planned and will be constructed under the supervision of Alfred C. Bosson, one of the leading bank architects of the world. Every modern improvement and convenience will be installed to enable customers to quickly transact the maximum of business in the minimum of time.

One and one-half million dollars of new capital in cash was created by plans worked out at the meeting. One million five hundred thou-

sand dollars of the present assets being set aside to increase and pay up the capital stock of the Liberty Investment Company which is owned and controlled by the stockholders of the Security National Bank. The capital stock of the bank is \$2,000,000 and the surplus fund \$500,000. This with the creation of an investment company with a large paid-up capitalization will make the bank one of the strongest financial institutions of the Southwest.

R. W. Higginbotham of Dallas, founder and head of numerous wholesale and retail establishments which bear his name throughout the Southwest, becomes president of the Security. In the deal just closed a number of other able and well known financiers have become associated with him in the ownership of a large interest in the bank. Mr. Higginbotham, as president, succeeds Dr. John T. M. Johnston, who retains his interest and remains as chairman of the executive committee of the bank.

SECURITY NATIONAL BANK OF DALLAS

The statement of condition of the Security National Bank of Dallas, Tex., at April 28, 1921 showed total resources of \$30,000,000, deposits, \$17,637,696.12 and surplus and undivided profits, \$547,992.55.

STATE BANKS OF VIRGINIA

Total resources of the State Banks of Virginia at April 28, 1921 were \$191,097,717.40, deposits, \$181,671,347.14, surplus, \$13,167,081.80 and undivided profits, \$3,910,932.04.



EUGENE LEVERING
Chairman Executive Committee



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JOHN B. RAMSAY
Chairman of Board

MERGER OF BALTIMORE BANKS COMPLETED

On April 22, at a special meeting of the boards of directors of the Merchants National Bank and the National Bank of Commerce, both of Baltimore, Md., each unanimously recommended to its stockholders the merging of the National Bank of Commerce with the Merchants National Bank.

The stockholders of the National Bank of Commerce were given $1\frac{1}{2}$ shares of the Merchants National Bank stock, par value \$10 for one share of the National Bank of Commerce stock, par value \$15.

This merger has brought together two of the most important banking institutions of Baltimore. The Merchants National Bank with total assets of over \$37,000,000 was already one of the largest national banks in the South. The National Bank of Commerce was one of the large national banks of Baltimore, with total assets of over \$15,000,000. The merged banks, therefore, have approximately \$52,000,000 of total assets at the outset. The consolidated institution starts with a capital of \$4,000,000, a surplus of \$1,500,000 and a substantial undivided profit account. It is the largest bank in Baltimore.



JOHN B. H. DUNN
Vice-President



• UNDERWOOD & UNDERWOOD, N. Y.
THOMAS HILDT
President



• BACHRACH
HENRY B. WILCOX
Vice-President

All of the old officers remain in their present positions, except that Eugene Levering, former president of the National Bank of Commerce has been elected chairman of the executive committee, an active official of the bank and John B. Ramsay has assumed again the position of chairman of the board of directors, which position he occupied at the time of the death of Douglas H. Thomas. Thomas Hildt of New York, vice-president of the Bankers Trust Company, in charge of the commercial banking end and one of the governing committee of that institution, has become the president of the bank.

Thomas Hildt has been vice-president of the Bankers Trust Company of New York since its consolidation with the Astor Trust Company and prior to that time was vice-president of the Astor Trust Company. He was formerly an officer of the National Bank of Commerce in Baltimore.

The other officers are: Henry B. Wilcox, vice-president; J. B. H. Dunn, vice-president and G. H. Barnes, vice-president. S. W. Tschudi, the cashier of the Merchants National Bank will continue in that position and assistant cashiers are Charles Hann, J. Cleveland Wands, John T. Flynn, J. Walter Oster, Magruder Powell and Harry W. Owings.



• BACHRACH
G. HARRY BARNES
Vice-President

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Operating 36 bituminous mines in 11 fields with
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HIBERNIA BANK OF NEW ORLEANS DECLARES DIVIDEND

The Hibernia Bank and Trust Company of New Orleans, La., declared its regular quarterly dividend of 6 per cent., payable on July 1. This is at the rate of 24 per cent. per annum, the bank's usual rate, and is payable to shareholders upon their invested capital, and to employees of the bank

on their invested time, effort, and loyalty. The dividend to employees is based upon annual salaries.

This dividend to employees is one of several plans maintained by the bank in the interest of their employees. It is so arranged that a premium is placed upon continuity of service, but even the newest worked in the big institution comes in for extra compensation.

The Hibernia Bank in addition to its profit sharing plan, also maintains life insurance for its clerks to the extent of one year's salary. A lunch room is maintained, which cuts considerably the H. C. L. in restaurants, and an employees' club is fostered to promote social and educational activity among members of the big banking "family."

Over the gulf coast, at Pass Christian, the institution maintains "Hibernia Cottage," a summer home for the use of employees both as a vacation spot and as an ideal place to spend restful week-ends. Through these several plans, the Hibernia Bank personnel may be rightly called a big "bank family."

GOLF TOURNAMENT AT CONVENTION AT NEW ORLEANS

The New Orleans Chapter of the Investment Bankers Association will tender the association a golf trophy at the annual convention to be held in New Orleans to be known as the New Orleans Convention Cup, to be played for at each annual convention. This trophy will be first awarded the winner of the New Orleans convention handicap tournament.

The convention golf committee also has other plans that will be interesting to the association golfers.

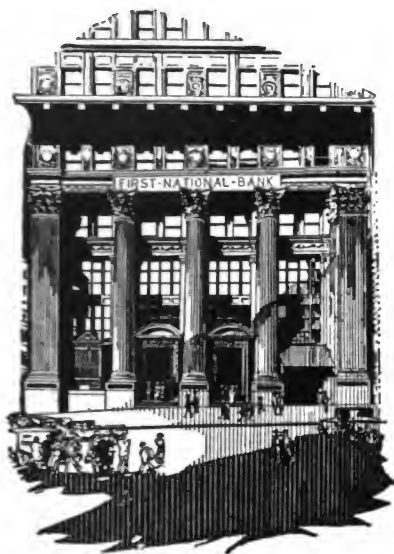
FARMERS AND MECHANICS NATIONAL BANK OF FORT WORTH IN NEW BUILDING

The Farmers and Mechanics National Bank of Fort Worth, Texas, on May 14 moved into its new twenty-four story bank and office building. All the departments including the new account department, savings department, safety deposit department and a women's department which has been especially equipped in the new home, have been greatly enlarged and are better able to handle business.

The bank was organized in 1888 with John R. Hoxie and has steadily grown since that time, two other changes having been

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000
Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
JAMES M. BALL, Jr. Cashier
THOS. W. PURCELL Trust Officer

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

necessary before the new building was built. The American National Bank was merged with the Farmers and Mechanics in 1919 thus increasing the strength of the bank.

The new building has all the most modern improvements, especial attention having been given to the safe deposit vaults. They are the most modern in the South, being guarded by a door which weighs 21½ tons. The vault is 38x18 feet and contains 2,525 steel mirrored boxes.

The officers of the bank are: G. H. Colvin, active vice-president and chairman of board; J. W. Spencer, vice-chairman of board; J. T. Pemberton, president; B. H. Martin, R. C. Hearne, active vice-presidents; H. W. Williams, George I. Cowden, A. J. Long, W. R. Edrington, vice-presidents; Elmer Renfro, cashier; R. L. Foulks, Guy J. Price, Jr., George F. Rozelle, L. H. Nutt, I. L. Van Zandt, Jr., assistant cashiers.

The directors are: G. H. Colvin, chairman; J. W. Spencer, vice-chairman; H. W. Williams, president H. W. Williams &

Company, wholesale drugs; A. J. Long, capitalist; E. E. Bewley, president Bewley Mills; Geo. E. Cowden, cattle and real estate; Ben J. Tillar, capitalist; Glen Walker, manager Millers Mutual Fire Insurance Company of Texas; Wm. Monnig, president Monnig Dry Goods Company; F. W. Axtell, president F. W. Axwell Company; G. H. Clifford, general manager Northern Texas Traction Company; C. A. Boaz, manager W. J. Boaz Estate; I. H. Burney, Cowan & Burney, attorneys; Bacon Saunders, physician and surgeon; W. F. Sterley, general freight and passenger agent, F. W. & D. C. Ry; Sidney Webb, cattle and real estate; N. H. Lassiter, president Ft. Worth Life Insurance Company, general attorney Rock Island Ry.; Edgar J. Marston, vice-president and treasurer T.-P. Coal & Oil Company; W. R. Edrington, capitalist; W. G. Turner, president Hub Furniture Company; E. G. Rall, president Rall Grain Company; J. T. Pemberton, president; B. H. Martin, vice-president; R. C. Hearne, vice-president; Elmer Renfro, cashier.



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A PROMINENT professor of the Wisconsin College of Agriculture has called the banker a "father confessor" to the farmer. He means that the banker is the one member of a rural community who thoroughly understands the vital inter-relation of a prosperous farming condition and a prosperous agricultural town.

The progressive banker realizes that owners of Case Power Farming Machinery are adding to the prosperity of the bank's community, are creating more wealth to circulate among the local merchants, and consequently are increasing the financial business which will accrue to the bank. Case Power Farming Machinery places the farming business on a par with a manufacturing enterprise using modern plant equipment.

In the final analysis it is prosperous farmers who make prosperous agricultural communities. As financial arbitrator and court of last appeal for progress in your community you can understand why modern methods are needed on the farm for profitable production; and modern financing is needed to install these methods. By assisting reliable farmers to purchase Case Power Farming Machinery you not only place their business on a solid foundation, but also create more business for your merchants and your town.

J. I. Case Threshing Machine Company
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Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

LIQUIDATION has not proceeded far enough in the central West to bring much relief to financial conditions, but the distance traversed has brought to the realization of bankers more clearly than ever before how far they have yet to go, and how slow the progress must necessarily be. The position of the Federal Reserve bank has improved, but this is due more to additional supplies of gold than to a reduction of loans. There was a substantial cutting down of the borrowing of member banks for about a month following the setback of March and April, but this betterment has now been checked again, partly by a stimulation of the demand for money due to the reduction in the rediscount rate of the reserve bank and the accompanying talk of easier money, and partly by the usual accumulation of funds for the June installment of income taxes. Reserve note circulation again shows a slight increase, following a steady decline totaling \$103,000,000 from the peak of \$559,000,000 recorded just before the holidays in December. Some of the largest borrowers from the reserve bank among the Chicago banks have made large reductions in their loans from that institution, but improvement in the agricultural districts is much less noticeable and not much relief is expected until after the marketing of the new crops.

The fine outlook for these crops, indeed, is the greatest element of strength in the business situation of this section. The prospect, according to the government figures, is for a yield of 578,000,000 bu. of winter wheat and 251,000,000 bu. of spring wheat, a total of 829,000,000 bu., which is 42,000,000 bu. more than the harvest of last year and only 2,000,000 bu. less than the ten-year average. This is enough for all domestic needs and an exportable surplus of 200,000,000 bu. Prices have improved materially because of the continued good export demand and the fact that there

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Capital, Surplus & Profits
\$8,500,000

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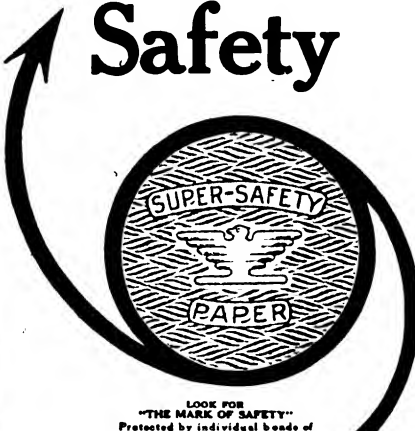
ST. LOUIS, MO.

will be only a small carry-over from the old crop. Should present prospects for oats be maintained until harvest there will be a record yield, as the acreage of 44,829,000 is 1,506,000 more than last year and the largest ever planted to this grain.

These conditions have encouraged producers, who are selling old grain more freely, and while the new crops will bring much lower prices than were current at this time last year the aggregate will be great and will provide much surplus money for the paying off of old obligations which have been a burden on the financial machinery of the section for nearly a year.

There is also a more confident feeling among country merchants, who report a

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Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use.

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In hundreds of towns and cities these INSURED checks are now already being used by banks as a powerful influence to attract new business.

A Master Bond, beautifully designed and framed to hang in the lobby, protects each bank. Individual Bonds guard your depositors, providing most perfect identification also. They give banks a fine "point of contact" in their constant visible evidence of security against check raisers. Is your bank helping to prevent a loss estimated at \$30,000,000.00 for a single year?

Write us or see our representative

The Bankers Supply Company
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moderate increase in buying, although so far this applies only to household necessities and not to machinery and implements. Purchasing would be much more free were it not for the fact that nearly everything the farmer requires is little lower in price, with the exception of certain textile staples, principally cottons.

High retail prices still constitute a serious economic stumbling block and their adjustment is made difficult by continued high production transportation and distribution costs. Demand for merchandise continues to compare very well with that at the corresponding time last year, and this fact also encourages slowness in the marking down of goods. Merchants have their stocks well in hand and are still making distant commitments cautiously. Openings of fall lines have met with a reasonably good response, but nothing like the normal volume of orders for this time of year, and the disposition is still to buy only what can be moved from the shelves within a few weeks. Recent clearance sales by wholesalers and jobbers in the Chicago markets brought about a gratifying turnover, and did much to counteract the hand-to-mouth habit of retailers, inspiring more confidence in the stability of prices, which has been reflected since in a gain in orders both from road forces and by mail.

There has been a slight decrease in unemployment, due to the calls from the country for labor for farm and public improvement work and an increase in operations at many automobile plants. Manufacturing generally, is no more active than last month, and in some industries, notably steel and farm implements, there has been further curtailment. The steel mills of the largest producer are operating at thirty to thirty-five per cent. of capacity, ten blast furnaces out of twenty-seven being active, but this work is chiefly on rails and old contracts, as new business is light. The smaller concerns are not doing better than twenty-five per cent., and some are shut down altogether. The railroads are buying little beyond pressing current needs for track maintenance and car repairs, the structural demand is very small and miscellaneous buyers hold off for a further reduction in prices while manufacturers are inclined to hold up prices until freight rates have been reduced. Quotations, however, are unstable and there is much evidence of shading in an effort to bring out business, especially in bars, pipe and wire goods. Pig iron is nominally around \$23,

with some transactions reported as low as \$20.

The building trades deadlock continues in Chicago and all the construction work that is in progress is in the suburbs and interior towns. More serious talk of arbitration has revived hope of an ending of the paralysis of this industry, but it is rather remote, and even if agreed upon could hardly be completed in time to make possible much of a revival this season. Legislative investigations, disclosures of graft and indictments may mean progress toward more healthy conditions when the lockout ends, but are of no present help in relieving the distressing housing conditions or lessening the crippling effects of the conflict on general business. Building materials have not undergone any further reduction in price, as with no demand there would be little object in any change of quotations, while dealers know that as soon as the labor situation is cleared the call for supplies will be greater than they can meet. In other cities of the district conditions are better, and building operations constitute an important offset to the dullness in other directions; but operations are principally in small units, as large projects as a rule are in suspension.

Conditions in the coal trade are far from satisfactory. There was a slight revival of buying for domestic purposes in April and May, but as a rule householders are not showing much interest in anticipating fuel needs of next winter, while users of steam coal are not disposed to accumulate reserves to a great extent. The result is restricted mining operations and a growing probability of a rush in the fall and winter that may be greater than producers and the railroads can cope with. Prices show the usual advance from the low point of April, and with no overproduction it is difficult to see any likelihood of a reduction.

One of the most hopeful features of the financial situation is the manner in which savings deposits hold up. There is no longer a steady gain, but the condition is one of fluctuation, with the average almost up to the high point of two months ago, when the total for the Chicago banks was \$494,000,000, compared with \$247,000,000 in 1917.

The only change in interest rates in the last month is in commercial paper, which has followed the course of the eastern market down to a range of $6\frac{1}{2}$ to $7\frac{1}{2}$ per cent., with the bulk of transactions at 7 to $7\frac{1}{4}$ per cent. Brokers' collateral and custo-



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
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and the

First Trust and Savings Bank

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offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**



The Woodlawn Trust & Savings Bank
Chicago

The strength of Chicago's outlying banks is evidenced by the unusual number and quality of the new bank buildings erected during the past year. The accompanying illustration is typical of the many structures designed and built by the Weary and Alford Company.

WEARY AND ALFORD COMPANY

Bank and Office Buildings

1732 South Michigan Boulevard, Chicago

mers' loans are 7 per cent. The edge has been taken off the investment market by the size and frequency of recent offerings. Dealers are pretty well stocked up, and the slowness of the demand is aggravated by unsettlement and further severe declines in the stock markets.



CONVENTION DATES

American Institute of Banking at Minneapolis, July 19-22.

Ohio at Cleveland, July 18-15.

NATIONAL CITY BANK CHANGES

R. B. Fuessle, formerly assistant cashier, has been elected a vice-president of the National City Bank of Chicago.

Mr. Fuessle has been with that institu-

Edward P. Vollertsen, formerly vice-president of the Union Trust Company of Rochester, New York, has been elected cashier of the National City Bank of Chicago. Mr. Vollertsen has been elected to succeed Claude H. Beaty who resigned to accept the office of assistant chief examiner of the New York Federal Reserve district.



EDW. P. VOLLERTSEN

Elected cashier of the National City Bank of Chicago, formerly vice-president of the Union Trust Company of Rochester, N. Y.

tion since its organization in 1907, has worked his way up through the ranks and has received this well deserved recognition of his ability because of his thorough knowledge of every phase of banking.



R. B. FUESSLE

Former assistant cashier of the National City Bank of Chicago, who was elected a vice-president recently

In going to New York, Mr. Beaty returns to the line of work in which he was engaged before he came to the National City Bank.

Mr. Vollertsen was for many years connected with the Fidelity Trust Company of Rochester, New York, and in 1916 was elected secretary of that institution. In 1920 he resigned to become vice-president of the Union Trust Company of Rochester. Mr. Vollertsen is widely known among New York bankers, having held the office of secretary of group two, New York State Bankers Association.

ILLINOIS BANKS TO MERGE

The First National Bank, the Illinois Savings and Trust Company, the Illinois

First Hand Foreign Trade Advice



IF one of your customers should drop in some morning, and ask you, "Can I sell steel plows in Roumania, and if so, how would I go about it?" what would you say?

It is the answering of just such questions as this that makes the service of our foreign department valuable to our correspondent banks.

We have direct connections with the leading banks of all European countries, as well as banks of the Orient and other parts of the world. This enables us to give accurate, first-hand credit or trade information upon all matters pertaining to foreign business.

Capital and Surplus \$33,000,000

The Union Trust Company *Cleveland*

Title and Trust Company, the State Bank of Bloomington, the Safe Deposit Company and L. B. Thomas and Son, all of Bloomington, Ill., have completed plans to merge. The new institution will have resources of between \$6,000,000 and \$7,000,000.

Three institutions will result from the combination, the First National Bank, the First Trust and Savings Bank and the First Title and Securities Company. The first named will have a capital of \$500,000 and surplus and profits of \$250,000; the second a capital of \$100,000, surplus about \$75,000; and the last, a capital of \$50,000, making the combined capital \$650,000.

Wilber M. Carter will be president, Harris K. Hoblit, vice-president; Frank H. Rice, cashier.

ENTERTAINMENT OFFERED AT OHIO CONVENTION

The Ohio Bankers Association Convention was held in Cleveland on July 13, 14 and 15. The plans included a buffet supper and smoker for the gentlemen in the evening of the thirteenth, while the ladies spent the afternoon in an automobile tour of the city with buffet supper

at one of the country clubs and the evening at one of Cleveland's large motion picture theaters.

On Thursday, July 14, a boatripe during the afternoon and early evening with buffet supper served on board, returning in time for Keith's theater. On Friday, there was a ball game between Cleveland and Boston, while those who are not "fans" had the many golf courses of the city at their disposal.

The entertainment committee, Allard Smith, chairman, of the Union Trust Company, laid particular stress upon the hearty welcome and good times offered to the ladies of the visiting delegates. The business program was one of the best and strongest, as well as the most helpful ever offered at this important convention.

F. O. WATTS ON INTERNATIONAL CHAMBER OF COMMERCE

F. O. Watts, president of the First National Bank in St. Louis, Mo., was appointed chairman of the finance committee of the American section of the International Chamber of Commerce to represent the finance group at the meeting of the

Buying and Selling

orders for Liberty Loan Bonds and Victory Notes promptly executed.

Nominal market quotations on Liberty Bonds are furnished daily upon request.

Correspondent banks are invited to use this service.

General Banking Trust Service Investments
Foreign Department

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

Bond Department
R. U. LANSING, Vice President & Manager

Banks and Bankers Department
F. A. CRANDALL, Vice President

International Chamber held in London on June 28.

DAILY NEWSPAPER AS FINANCIAL ADVERTISING MEDIUM

"The Daily Newspaper and Its Use by a Bank," was the title of an address to the Financial Advertisers' Association, in convention at Atlanta, Ga., Tuesday morning, June 14. The speaker was G. Prather Knapp of the Mississippi Valley Trust Company, St. Louis, Mo.

He emphasized the importance of a newspaper's editorial policy to its utility as a bank advertising medium. He said in part:

Suppose we look at newspapers which ask us for advertising in the same way that we would look at competing restaurants in which we are offered an opportunity to address a few remarks on our business to the gathering of diners. Would we choose the conservative quiet place, noted for its good food and its quiet assembly of hungry patrons or would we choose the glittering palace just across the street, where food was of little consequence and where the patronage was gained by a jazz orchestra, a blind tiger—and a Mack Sennett cabaret?

The proprietor of the lobster palace would probably offer us a larger audience. He could probably prove that his patrons spend a longer

time in his place than the patrons of the quiet restaurant for business men across the street from him. He would answer criticisms of his orchestra, his refreshments and his dancing girls by saying that he exists not to change human nature but to give it what it wants. He would say the very same thing about his restaurant that the publisher of the sensational newspaper says about his advertising medium but we would not hesitate very long in deciding which restaurant we would prefer as a place to make a four-minute speech about our banks.

Therefore we are not old fogies or reactionaries when we apply the same test, with the same result, to the conservative newspaper as against the sensational newspaper. It is all very well to say that the people demand sensational news and entertainment features in a newspaper. Perhaps they do, but the successful newspaper, from our angle, is the one which fills another demand—the demand for the solid food of clean news, constructive editorials and useful information.

We do not seek in any way to purchase editorial assistance through advertising, because the newspaper which can be bought, at any price however high or low, is not worth buying. But we do prefer and we are entitled to prefer the newspaper which appeals to the kind of people we want for customers and which appeals in them to the feelings and aspirations to which our advertising appeals. We do feel that in preferring such a newspaper, increasing its revenue and enhancing its prestige, we are doing, not the newspaper, but our banks and our communities a definite service.

I feel that the banks of the United States can use our newspapers in many effective ways besides the obvious one of buying white space



Seven Departments

All National

- | | |
|----------------------|------------|
| 1. Commercial | 4. Trust |
| 2. Savings | 5. Bond |
| 3. Banks and Bankers | 6. Foreign |
| 7. Safe Deposit | |

This institution with its seven departments is a striking illustration of the broad scope which the service of a strictly National Bank may now assume under existing laws. And each of our departments is actively functioning.

What may we do for you?

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, more than \$15,000,000.00

in them. We can profit by studying their circulation methods, their editorial policies, their news, their pictures, their organization and their personnel. We can learn from them valuable lessons of public service.

We can improve their position as public servants while they are improving ours. We can profit by close human relation with their various departments and we can go hand in hand with them in the tremendous publicity job of making Americans a nation of savers and investors, a conservative people, in the best sense of that word.

The time for it is ripe. The hour has struck when America can no longer rely on her opulent natural resources and her splendid political institutions. Those resources have been depleted by waste; those institutions are being subjected to every sort of insidious and lawless attack. A nation that does not save, a nation that is cheated of its savings, is a nation ripe for revolution. We are in a period, certain to be long, when efficiency and business methods are supremely necessary in every phase of our national life and as a nation we are not as efficient nor as business-like as we should be.

Two of the forces which will make us efficient and business-like, two of the forces which will hold us true to the sacred fundamentals of our country's life, are our newspapers and our financial institutions.

W. B. COWEN CELEBRATES BIRTHDAY

W. B. Cowen, senior vice-president of the National Bank of Commerce in St. Louis, recently celebrated a birthday. At the bank, there were cigars, flowers, and felicitations galore. In the evening, there was

an old-fashioned birthday dinner, with cakes and candles.

It was a happy occasion, but Gilbert K. Chesterton should have been present. For Gilbert K. delights in paradoxes, and "Chick" Cowen, as he has been called these many years, is a paradox without parallel. For forty-two years, he has given one hundred per cent. service to the one institution; his daily gait is the drive: yet today his looks and actions and words bespeak youthfulness of spirit and "pep" unabated.

Mr. Cowen's face is not a familiar one at bankers' conventions, because he has concentrated on the credit side of banking. But, in St. Louis and the St. Louis section, he knows all comers by their first, last, and middle names.

ORIGINAL IDEA FOR TAX REFORM

The annual report rendered to the Missouri Bankers Association by R. F. McNally, retiring president, is an interesting document. One paragraph, especially, offers such a keen commentary upon human nature, and embodies so original an idea for tax reform, that we quote it in full:

"The enactment of the Secured Debts Law was in accord with sound business

principles. This will give securities, backed by real estate, a status that will be of profit to both borrower and lender *and will result in more taxes for the state*, as real estate loans will now be turned in for taxation at the reasonable rate provided for, that under the old law were not returned because of the almost confiscatory rates that would apply."

This suggestion may not solve the fiscal problems of the government, or remove the tax worries of the harassed people, but, at any rate, it is a pleasant thought—that lowered *rates* of taxation might bring increased revenue.

WHEN THE CREDIT MAN SHOULD BE AN OPTIMIST

John G. Lonsdale, president of the National Bank of Commerce in St. Louis encourages the credit man to be optimistic in these times in the following:

There is no doubt about it: Business has been very sick; and, when such is an acknowledged fact with respect to any patient, the best we can hope for is a slow process of recuperation. Therefore, tempered optimism should be the order of the day in the commercial and industrial world, because, if the ordinary criteria can be accepted, the worst is passing, and forthcoming months will bring improvement, which, though slow, will still be appreciable.

The men who pass on credits should be among the first to take cognizance of any improvement, just as they were the first to heed the danger signals when bullishness ran riot in the days of inflation. The business concern which has successfully weathered the deflation that we have had for the past year possesses elements of strength calling for special consideration. And there is not likely to be an early renewal of inflationary and speculative tendencies, because, as the Wall street maxim goes, "There is no bear like a scared bull."

A little pat on the back, then, to your customers who have shown an inclination to play the game on the square under adverse conditions, will be not more than their due and will be remembered in the future. The average credit man acquires, in the course of time, the reputation of being a rather hard citizen. That's because he is a credit man, and must look for flaws. When the sun is flaming in the business heavens, he must wear blue glasses, lest he be blinded by the glitter of inflation and over-extension. But, when skies have become overcast, the credit man has an opportunity to reverse the usual procedure by perceiving the bright spots first, and lending encouragement to the erstwhile bulls who have become changed to growling bears. The day of such opportunity is here.

Let's all smile and hustle!

COMMERCE TRUST COMPANY OF KANSAS CITY

The Commerce Trust Company of Kansas City, Mo., at June 30, 1921, showed total resources of \$101,893,750.73, surplus and undivided profits \$2,376,661.08, and deposits \$79,025,021.



Out in the Northwest

A BANK with resources
of over \$100,000,000
—the leading financial institution of its section—
the logical clearing point
for business intended for
Twin City territory.

First National Bank Minneapolis

Capital and Surplus Ten Million Dollars

The Standard American Reference Book on International Banking

The **International Banking Directory**, the first American directory to be published entirely in the interest of international banking, is now ready for distribution.

The intention of the publishers is to make it the standard reference work for American banks interested in foreign business and for foreign banks using American banking connections.

Banks and bankers of the United States and abroad will find this book of real value to them in connection with international business. Some of the special features included in it are listed below.

The American Banker will find :

Information about the banks in all countries with locations of their many branches listed alphabetically by cities and towns.

Lately revised maps of all countries and geographical divisions.

A large amount of economic information about each country.

Much financial and general information of value to banks interested in international business.

The Banker Abroad will find :

The most complete select list of American banks he has seen in any international directory.

Lists of principal correspondents of a large number of American banks, enabling him to trace banking connections within the United States.

Valuable financial and economic information with regard to the United States.

Maps of the United States and of the Federal Reserve Banking System with interesting information regarding the latter.

The book is 7 x 10 inches, strongly and handsomely bound in red cloth and contains 527 pages, exclusive of maps and inserts, completely indexed.

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Please send us prepaid copies of the current issue of The International Banking Directory, for which we will pay Ten Dollars (\$10.00) per copy.

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Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

AN air of expectancy pervades business in the West. Among many commercial, agricultural and financial interests there is hope that the efforts of the Federal Reserve Board to relax to a degree in the discount restrictions of the Federal Reserve banks will assist toward improving business. As usual, too, the inauguration of the harvest of winter wheat in the Western states and the favorable progress of crops on the whole are inspiring more hopefulness. But there is little improvement other than that of a seasonal character in general trade conditions as compared with a month ago. Even the harvest season is not bringing as much employment for labor or as much business for merchants as last year in the rural districts that have begun to witness crop gathering activities, owing to the continuation of the spirit of frugality that prevails among farmers.

Announcement is expected any day of a reduction or modification of the progressive discount rates in effect at the Federal Reserve Bank of Kansas City. The Dallas and Minneapolis Federal Reserve banks, in which the Western states are also vitally interested, have already made reductions in their rates. The condition of these three banks is improved over that of a month ago or a year ago. Yet, even with the additional encouragement arising from the expressions of Governor W. P. G. Harding of the Federal Reserve Board on the occasion of his recent visit to the West, pressure for liquidation continues among banks. After months and months of preaching a policy of a reduction in Federal Reserve bank borrowing, after months of rising rates at these central banks, rates that proved very costly to some member banks, and after the other disappointments that have attended rediscounting operations, bankers of the Western states are in a mood to liquidate further their borrowings at the Federal Reserve banks despite the fact that they have already made important

reductions. Besides, there is a feeling that the discount rates are still at a level that hardly warrants many banks to attempt to undertake rediscount operations on a larger scale. In other words, the margin for the liability that is assumed in rediscounting is not encouraging to borrowing. The Federal Reserve bank officers and their board at Washington look at the unused credit they have available and speak encouragingly; on the other hand, the member banks are looking at the loans they still have at the Federal Reserve banks and quietly hoping to effect more liquidations. Thus, the Federal Reserve banks are wielding a conflicting influence.

That sentiment has been helped slightly by the recent statements emanating from the Federal Reserve banks is generally apparent. But, as the actual developments following the slight discount rate changes are becoming more widely appreciated, the help expected from the Federal Reserve bank improvement really proves to be of very little value toward business recovery. What is revealed is that bankers want more liquidation. At the same time, there is serious doubt as to whether business would actually improve with free credits in domestic channels for any lengthy period. Many careful students of banking and business maintain that general trade needs more European buying in preference to any other stimulus. The Southern portion of the Western states needs a broader outlet for cotton in particular in foreign markets. In the Northern sections the copper producers need improvement in the European demand. The live stock interests want more European buying of provisions and help for domestic industries that would come from better foreign purchases of raw materials. To loosen the purse strings on the credit situation, which is still not easy by any means, might stimulate production and encourage new enterprises in agricultural regions, but what would happen to these interests with no increase in general trade? Those who are asking this question desire that the administration and the Federal Reserve Board concentrate on better-

ing European markets for the United States rather than on any other means of reviving business. There is apparent a gradual increase in sentiment of this character partly because of the disappointing demand which prevailed for the latest large foreign bond issue, the French \$100,000,000 loan.

Harvest season requirements of funds will not be so large as a year ago. The farmers who exchanged labor and implements during the spring are going to exchange labor and tools during the period of cutting of wheat and garnering of other crops. In Kansas an agreement has been reached among farmers to pay only \$3 a day and board for harvest workers, compared with \$7, \$8 and even more a year ago. Fewer hands will be employed at the lower scale of wages. Grain dealers and millers will not require so much money to handle the crop of wheat, although here and there dealers and millers who lost heavily in their operations the past year will be forced to depend on more borrowed money.

Since the last week in May weather conditions have been more favorable for crops, and winter wheat cutting, which is proceeding in Oklahoma and Southern Kansas, is marked by favorable climatic conditions. In the Dakotas and Montana spring wheat is in excellent condition. The general condition of oats is only fair. Corn has made a good start, although excessive moisture in the spring delayed planting. During May the winter wheat crop suffered some deterioration, owing partly to the unfavorable effect of the late spring freeze. However, cool temperatures the latter half of May and early in June, together with rather generous and widespread rains, brought about distinct improvement in the condition of the winter wheat plant. It is claimed that the change in temperature will mean the addition of two to three bushels in the yield. The first cutting of alfalfa hay already has been gathered in Kansas, Oklahoma, New Mexico, and portions of Colorado and Nebraska. The tonnage of the first cutting was far below normal, and the quality of the hay rather poor on the whole.

Domestic demand for flour has improved moderately, but bakers, jobbers and other handlers continue to follow a policy of hand-to-mouth buying. The trade is very reluctant to buy for more than current needs, lacking confidence in values, which is based on the prevailing sharp discounts on the July and September deliveries in the

future market under the spot quotations. Large sales of flour have been made for export, with England a good buyer of straight and 95 per cent. patent grades, with continental countries, including Holland, Germany, Belgium, the Scandinavians and Finland taking liberal lots of first and second clear. Surplus offerings of the cheaper grades have been well absorbed, and prices for these poor quality supplies have advanced more nearly to a parity with straight and patent than at any time on the crop. Mill production is about 50 per cent. of capacity in this territory.

Foreigners also have been heavy buyers of wheat for shipment as far ahead as the latter half of September, and, with an eager demand from elevator interests who sold short to export operators for June and first half July shipment to the Gulf ports, the record movement from the interior for this period of the year has been readily absorbed. Farmers are selling new crop wheat on a liberal scale, with a very heavy movement expected throughout July and August. Thousands of empty cars have been accumulated at sidings in the interior for the early rush of wheat. Corn also has moved marketward on an enormous scale, with a fairly liberal movement of oats and the sorghum grains. Feeding demand for corn is light, and industries are buying on a small scale.

New low levels for the post-war period have been reached on all live stock. The cattle and sheep markets are most seriously depressed. Cattlemen and sheepmen are appealing to Washington for financial relief measures, and have won the support of Governor Harding of the Federal Reserve Board in their campaign for aid through the War Finance Corporation. Harding's proposal for a fund for \$50,000,000 to aid stockmen, if adopted, would help largely in a sentimental way. For example, the Federal Reserve Bank of Kansas City has found in an exhaustive investigation that the Tenth district it covers is carrying about \$500,000,000 in live stock loans. The Dallas, Minneapolis and Chicago districts also hold enormous amounts of live stock loans. Still, there is a feeling among some of the leaders in the live stock industry that, in view of the unusual conditions under which live stock operations are financed, it would be highly desirable for the government to take a hand in offering a \$50,000,000 fund for sentimental reasons. It is obvious that the live stock industry, while affected by tightness of money that is forcing some premature sell-

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital \$1,000,000
Surplus (Earned) \$1,000,000
Total Resources (Over) . \$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

ing of cattle and sheep, is just as seriously affected by unemployment, which reduces demand for beef and other meats, and by the unhealthy conditions surrounding the markets for by-products, notably wool and hides.

Another decline of 25 cents in crude oil to \$1.25 in the Mid-Continent field, together with weakness in refined products, added to the depression in the oil industry. As crude oil is now \$2.25 a barrel lower than at the opening of 1921, the industry has not yet recovered from the shock of slumping prices. Lumber business continues quiet at the lowest prices of the year, dwelling demand being the principal outlet. The fact that production costs have been sharply reduced is helping the lumber industry, but there is need for more readjustments in building workers' wages. The copper and other metal interests, excepting silver, continue seriously depressed, with an increase in unemployment. Recent floods in parts of Colorado affected business in that state. Implement trade is only a small fraction of that of a year ago, as farmers are still averse to buying at current prices. Merchandise trade in general is also handicapped by the unbalanced relationship of

prices and unemployment. Automobile sales are very light. In the cotton areas of Oklahoma dullness prevails, growers who are making a new crop having thus far found little cheer in markets. If supplies make for improvement in business, then the Western states can surely count on a turn for the better. But will buyers here and abroad bring a turn? This is the question uppermost in the minds of all classes in the West.



CONVENTION DATES

Montana at Helena, August 5-6.
 New Mexico at Santa Fe, September 9-10.
 Wyoming at Sheridan, September.

WALKER BROTHERS, BANKERS, CONSOLIDATED WITH McCOR- NICK AND COMPANY

Following the death of W. S. McCornick, president and founder of McCornick and Company, bankers, Salt Lake City, Utah, and one of the most widely known figures in Western financial circles, the



R. P. BREWER

Mr. Brewer, who was formerly vice-president of the Commerce Trust Company of Kansas City, Mo., was recently elected president of the Exchange National Bank of Tulsa, Okla., succeeding Earl W. Sinclair, who went to New York as president of the Sinclair Oil Corporations.

bank which he established forty-eight years ago was consolidated May 18 with Walker Brothers, bankers, under the latter name. Mr. McCornick's heirs announced their desire to retire from the banking business, whereupon the merger was consummated. The event had special significance in view of the fact that the two banks concerned are the largest in Utah.

Following is the official statement by Walker Brothers, bankers, announcing the merger:

"As a result of an agreement Walkers Brothers, bankers have purchased McCornick and Company, bankers, taking over all assets and assuming all liabilities to depositors. The corporation of McCornick and Company, bankers, will be liquidated and go out of existence, and the consolidate business will be carried on by Walker Brothers, bankers. The McCornick bank will be closed today and

hereafter all its business will be transacted by Walker Brothers, bankers, at their location in the Walker bank building. The deposits of McCornick and Company, bankers, are approximately \$6,700,000, and those of Walker Brothers, bankers, approximately \$9,700,000, making the combined deposits approximately \$16,400,000.

"The consolidation is a consequence of the serious illness and death of W. S. McCornick and the desire of his heirs to retire from the banking business. The officers and directors of Walker Brothers, bankers, feel that the death of Mr. McCornick is a distinct loss to this country, as he has been one of the ablest figures in the Western banking world. His sterling qualities, keen business instincts, ability and courage made him a powerful factor in the development of the community, on which he has left such a deep impress. In taking over the business which he has built up, Walker Brothers, bankers, therefore feel a deep responsibility and hope to carry out the highest ideals of both institutions."

On the basis of published statements of March 25, last, the assets of the two institutions total over \$24,000,000. Walker Brothers, bankers, is a member of the Federal Reserve System and the oldest bank between the Missouri River and the Pacific Ocean, having been founded in 1859. This is the second time it has absorbed another bank, the first being in 1904, when it purchased the Salt Lake branch of the Wells Fargo & Company.

It is understood that most of the McCornick staff will be retained by Walker Brothers, bankers.

The officers of McCornick and Company, bankers, at the time of the merger were: W. S. McCornick, president; M. H. Sowles, and L. B. McCornick, vice-presidents; R. L. Conely, cashier; W. O. Cleland, assistant cashier; these with the following composed the directorate: T. P. Cutler, F. J. Hagenbarth, Lawrence Greene. The officers of Walker Brothers, bankers, are: L. H. Farnsworth, chairman of the board of directors; E. O. Howard, president; F. A. Fisher and John H. Walker, vice-presidents; H. M. Chamberlain, cashier; I. C. Van Voorhis and E. A. Bering, assistant cashiers. The directors are: L. H. Farnsworth, E. O. Howard, John H. Walker, H. G. McMillan, F. A. Druhl, F. S. Murphy, T. Ellis Browne, E. J. Raddatz, F. A. Fisher, Herbert S. Auerbach, M. K. Parsons, F. C. Jensen, M. A. Keyser and W. H. Shearman.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

THE readjustment of wages to a peace time basis has made considerable headway on the Coast. In the main, workers have been acquiescent, realizing that many industries would shut down if war time scales of wages were insisted upon. In the case of the marine workers, the notable lack of foreign trade and the natural dullness in shipping has made the operating companies only too agreeable to a tie-up of operations until conditions have bettered and the marine workers seem to have chosen with poor judgment the time to obtain concessions. Farm labor is again available at pre-war prices. All lines of business in San Francisco, especially those related to the building trades, have been somewhat depressed through labor troubles and unemployment resulting from lockouts. This, in connection with the natural falling off of trade during the vacation period, has brought about a decrease in volume of trade as compared with previous months. Building operations are resuming, however, to a considerable extent on a wage reduction of $7\frac{1}{2}$ per cent. Canned goods are moving a little more freely. Retail grocers report a volume of business below that of last year, with an average reduction in prices of 20 per cent., and still declining. Collections are fair. New business and lumber shipments are in excess of production in the Western Oregon and Washington districts. Reports from 112 mills show production to be 30 per cent. below normal. Crop prospects in the Northwest are above normal and the indications for fall trade in all lines are daily becoming more favorable. At present there is no hay movement. Advanced wheat prices have resulted in considerable movement in this commodity, with many still holding, however. The livestock market is dull, nothing moving except dairy cows and hogs. Weather conditions in California have been for the most part favorable. In the Southern portion of the state heavy rains have been beneficial to late sown grain, orchards, garden truck and forage crops. Through the Northern

part of the state wheat and barley crops are in good condition, being about 80 per cent. of normal. The acreage planted to rice this year is estimated at about 125,000 acres as compared with 160,000 acres last year. Growers, however, maintain that with the customary heavy yield per acre this crop will prove profitable, even at the present abnormally low prices. At this time rail rates virtually prohibit transcontinental shipments of California perishable fruits. Growers claim that the perishable fruit industry in California is doomed to destruction unless a satisfactory reduction in rates is obtained. Directors of the California Citrus League have tentatively refused an offer of California's initial railroad lines to reduce freight rates on citrus fruits approximately 10 per cent., contingent upon the shippers abandoning plans for the further development of water transportation facilities. With the settlement of the legality of the Farm Loan Bank the coast banks are setting out to take their places in the lives of the farmers. Of the \$40,000,000 bonds to be sold, between \$2,500,000 and \$3,000,000 have been allotted to the Berkely bank for distribution among farmers in California, Utah, Nevada and Arizona. The Federal Lank Bank at Spokane is already swamped with new business and it is predicted that that institution will shortly be back upon its old basis of \$1,000,000 business a month. The commercial paper market during the past week has been featureless, ruling at $7\frac{1}{4}$ per cent. There is little paper being sold.



CONVENTION DATES

American Bankers Association at Los Angeles, October 3-8.

Arizona at Castle Hot Springs, November.

LOS ANGELES BANK IN NEW HOME

The Citizens Trust and Savings Bank, located at 736-740 South Hill street, Los Angeles, California, opened its new home, June 11.

The bank is the possessor of the first cir-



Photo by J. I. Case Threshing Machine Company, Racine, Wis.

A battery of 18 Case tractors used on the 12,000 acre ranch owned by the Forkner Fig Company near Los Angeles

cular vault door ever built in the West. It was manufactured completely in Los Angeles by the Llewellyn Iron Works and the Remington Company. The acoustics in the building are excellent due to the ceiling have been deadened to absorb waves of sound. Ventilation is so arranged that the air is thoroughly changed every ten minutes. Another feature of the interior construction is the absence of glass or grilles to obstruct the tellers.

Mural decorations in the interior were executed by Fausto Tasca, the subjects being taken from Monnette's Chronology of California and arranged by Earle Remington. The front vestibule decoration is entitled, "In the Beginning," portraying Cabrillo landing in San Pedro Harbor and Paul Le Neve entering Los Angeles with the party of Coronado's expedition from Mexico City.

The main banking room has many notable decorations, among which are a representation of mythological figures of California Amazon and wild beasts reputed by early Spanish explorers to have inhabited the Southwestern region; Drake and his unsuccessful attempted claiming of the Pacific Coast for England; Cabrillo and his claim for Spain; Jedediah Smith, the first American to visit California, a trapper by trade; General Fremont conquering California in the battle at China and the annexation of the territory to the United States; a Spanish fiesta and many others. The mining days of California are not forgotten and are represented by an illustration of Desert Rat Prospector, which covers the mining period. The gold rush of '49 is again brought to

mind by a large painting by Hernando C. Villa, whose father arrived in the San Gabriel Valley by the immigrant wagon route.

The doors will be open for business from 8 a. m. to 10 p. m. The stock of the Citizens Trust and Savings Bank is owned by the stockholders of the Citizens National Bank, with total resources of over \$50,000,000 and is authorized to act in any trust capacity. Orra E. Monnette is president.

NEW VICE-PRESIDENT FOR LOS ANGELES BANK

Charles F. Stern, who has been state superintendent of banks for about three years, and whose resignation took effect June 20, comes to Los Angeles as vice-president of the First National Bank of Los Angeles, and of the Los Angeles Trust and Savings Bank.

This appointment is of particular importance to Southern California, in that Mr. Stern, through his past experience, is equipped with not only a wide knowledge of banking conditions throughout the entire state, but also with an almost unequalled knowledge of business and banking personnel and a thorough understanding of commodity movements in California.

Mr. Stern was appointed state superintendent of banks on December 14, 1918 and throughout the difficult period of reconstruction has faced and solved problem after problem vitally affecting the entire business interests of the West. Through a policy of cooperation with the bankers of the state, and through close application to detail, he has aided greatly in protecting

LOS ANGELES

A. B. A. Convention Those contemplating attending the A. B. A. Convention in October are cordially invited to call upon us for any advance service or information.

Information. Our Department of Research and Service is at the call of any banker who wants to know of the commerce, industry or agriculture of this region, or fundamental economic conditions regarding them, for himself or for a customer.

Automobile Trips. Our Automobile Map of Southern California, gladly sent you for the asking, shows more than 2000 miles of paved roads reaching all the towns, resorts, beaches, mountain camps and scenic points within 100 miles of Los Angeles. We will take pleasure in arranging for you, in advance, the rental of an automobile with or without driver for your use while here.

Banking Service. If you have customers coming to Los Angeles give them letters to us. This is a Complete Departmental Bank, the largest institution of its kind in the Southwest, rendering every banking service, and with a tradition of great consideration toward all who enter our doors—whether as permanent customers or as strangers.

SECURITY TRUST
& SAVINGS BANK
SAVINGS COMMERCIAL TRUST

California from the business reaction which has affected both business and banking throughout the nation.

Mr. Stern brings to Los Angeles an intimate knowledge of the resources of the state, of the financial needs of its people, and a thorough understanding of commodity supplies and demands, and his addition at the present time to the official staff of the First National Bank and the Los Angeles Trust and Savings Bank is of particular value, not only to California itself, but also to Arizona, Nevada and New Mexico, since Los Angeles banks are lending material aid to the financing of the commodities of the entire Southwest.

Born in Arcata, Humboldt County in 1880, of pioneer stock, a native Californian of the third generation, he was a member of the class of 1903 of the University of California, and for ten years thereafter was engaged in the wholesale grocery and jobbing business in Northern California, and in lumber operations in Humboldt and Trinity Counties. He was appointed to the state board of education in June, 1914, and later became a member of the California state highway commission, which position

he held previous to his appointment as state superintendent of banks.

BANK OF ITALY OPENS NEW HEAD OFFICE

The Bank of Italy's new head office building, at Market, Powell and Eddy streets, San Francisco, Cal., had its formal opening on June 27, 28 and 29.

The bank set aside those days for public inspection of its new edifice, the largest exclusive bank building in the United States with the exception of the National City Bank in New York City.

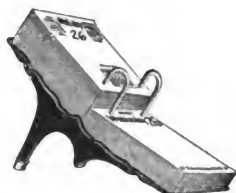
There was a most remarkable opening reception as on the first day between the hours of 12:00 noon and 10:00 p. m., 25,140 people visited the building; on the second day between the hours of 10:00 a. m. and 10:00 p. m. the visitors numbered 30,017, and the last day of the public reception, the number admitted between the hours of 10:00 a. m. and 1:00 p. m. was 8,691. The banking room and building were regularly opened for business on June 30.

First organized in October, 1904, the Bank of Italy has progressed rapidly during the succeeding seventeen years, until

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today it stands in the front rank of American financial institutions. Its ownership is vested in 4,000 California citizens, whose confidence and faith has made possible its remarkable development. The opening of the new building marks a distinct epoch not only in the growth of the Bank of Italy, but in the progress of California and San Francisco as well.

With resources of more than \$160,000,000, the Bank of Italy is now the largest bank in the West. It has over 235,000 depositors, ranking second in this particular in the United States. It has twenty-six branches in twenty California cities. The first of the larger institutions in this country to institute state-wide branch banking, employed in continental Europe and Canada, it has become the chief American exponent of the branch system.

THE CREDIT PROBLEM IN CALIFORNIA

In an address before the Retail Merchants' Credit Association of Los Angeles, Inc., E. H. Tucker, formerly assistant Federal Reserve Agent of the Federal Reserve Bank at San Francisco said in part:

The primary problems of the retail credit man of Southern California are not the immediate problems of granting credit today. They are rather the problems which will affect the ability of his customer to pay tomorrow.

The period of world readjustment has dealt kindly with the retail credit man of Southern California. In face of shrinking inventories and more difficult collections as values recede, the constant influx of people from other sections has maintained sales and permitted the retail merchant to adjust inventories and losses more easily than has been the case in the rest of the country.

However, it must not be forgotten that if this present advantage is pressed to the limit the Southern California retailer will inevitably subject himself to severe competition from new concerns which will emphasize the down-

ward movement of commodity prices and increase the troubles of the credit man. The simple, though somewhat painful, remedy for this situation is to continue inventory reductions and to pass them on to consumers as rapidly as consistent with financial ability. Such a program will tend to retain the local retail field for local concerns and to act as insurance against future losses.

The second problem is more serious. Its relation to the profit and loss account is as real, although possibly is no longer merely the playground of the United States. It has passed the period when it can expect to continue its retail business upon the basis of income received from Eastern property. Today many California residents are having to return to Eastern states because of shrinkage in income. This means shrinking purchasing power and increasing credit problems for the retailer of California.

The future retail credit in California is, therefore, closely interwoven with the development of industry in California, the income from which will offset the loss from decreasing income from Eastern investments, thereby permitting the uninterrupted growing retail trade with retail credit based upon permanent income derived from California industry.

One factor will primarily determine whether California will take advantage of its great opportunity. That is the immediate development of sufficient supplies of cheap power to turn the wheels of growing industry. This development can not wait upon vague demands for public ownership or upon the building up of great public organizations for the exploitation of the vast hydro-electric power resources of California.

It must come through the power utility companies of this state, which already have the organization and are even now pushing their vast development program under the supervision of the California State Railroad Commission, thereby assuring fair play for utility companies, investors in the obligations of these companies and consumers of the power which they produce.

PASADENA AND LOS ANGELES BANKS MERGED

The legal merging of the Union Banks of Pasadena with the Los Angeles Trust and Savings Bank, the stock of which is owned by the stockholders of the First National Bank of Los Angeles, is completed.

Announcement is also made of a \$500,000 increase in the capital stock of the First National Bank and a similar increase in

the capital stock of the Los Angeles Trust and Savings Bank, which increase was necessary in order to carry out the terms of the merger.

Under this merger Southern California now has a banking institution, under the presidency of Henry M. Robinson, with an aggregate capital, surplus and undivided profits of \$13,000,000; deposits of more than \$107,000,000, and total resources of more than \$130,000,000.

The merger has taken more than six months to complete, and will operate in Pasadena under the name of "The Union Trust and Savings Branch" of the Los Angeles Trust and Savings Bank. It is announced that the Pasadena branch retains all of its individuality; all of its present personnel, and all of its close relationship with the citizens of Pasadena. There is not a change in a director, officer or employee from one end of the line to the other. Every officer or employee who was connected with the Union Banks before the merger is retained.

Dr. John Willis Baer, who is a vice-president of the Los Angeles Trust and Savings Bank, formerly president of the Union Banks, is the chief executive officer and managing director in charge of the Pasadena Bank.

MARSHALL HALE PRESIDENT OF SAN FRANCISCO BANK

Marshall Hale, one of San Francisco's leading merchants, has accepted the presidency of the new Liberty National Bank of San Francisco, now in process of formation. The bank will be open day and night. It will have an authorized capital of \$2,000,000, of which \$1,000,000 is paid in, and a surplus of \$100,000.

EQUITABLE TRUST APPOINTS REPRESENTATIVE IN SAN FRANCISCO

The state banking department of California has recently authorized H. C. Harding, to maintain offices in San Francisco as Pacific Coast representative of the Equitable Trust Company of New York, the third largest trust company in the country. The offices are located on the seventh floor of the American National Bank building.

Mr. Harding is a graduate of Leland Stanford University. He has had a diversified banking experience having been associated with the International Banking Corporation in San Francisco and the Lumber-

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man's Trust Company, both in San Francisco and Portland, Oregon. He recently resigned from Blair & Company, Inc., whom



H. C. HARDING

Appointed representative in San Francisco for the Equitable Trust Company of New York

he represented in Cleveland, to assume his present duties. Several months ago, Mr. Harding was appointed Pacific Coast representative of the company and prior to the

opening of an office he conducted a very careful and thorough investigation of business and financial conditions on the Pacific Coast. Prior to the establishing of this Pacific Coast office, the Equitable Trust Company had no representative West of Chicago.

TACOMA NATIONAL BANK IN NEW HOME

The Tacoma National Bank is now established in its new banking home at Twelfth street and Pacific avenue, Tacoma, Wash. While the bank opened for business in the new building on Tuesday, May 31, the formal opening did not take place until Saturday evening, June 4 when a reception was held by the officers and directors of the institution. The building is Italian Renaissance in design. It is of reinforced concrete three stories and basement, faced from the sidewalk to the first story window sills with polished granite and above with Wilkeson sandstone. The main entrance is on Pacific avenue with richly carved stone entablatures and bronze doors. These lead into an outer vestibule which gives access to an inner vestibule or lobby. Both the vestibule and the lobby are richly finished in Caen stone, with marble tiled floors and ornamental plaster ceilings. From the lobby access is had directly in front to the main banking room; on the right is the president's office and on the left the stairway and elevator. The offices and cages of the officials are arranged so as to leave the center of the room entirely clear, save for the marble writing tables. There is a mezzanine floor to this room reached from the lobby.

On the second floor of the building are installed the accounting, bookkeeping and real estate departments of the bank. Space has been reserved on this floor for the bank's future expansion requirements. On the third floor, Chester Thorne, chairman of the board of directors, has a suite of offices, and here, too, are the directors' room, employees' rest room, lunch room and kitchen. The basement is given over to the safe deposit department and the vaults of the bank. These latter are constructed of concrete and have a wall thickness of not less than eighteen inches in any place. The safe deposit vaults have a capacity of 12,000 boxes. The Tacoma National Bank has a capital of \$1,000,000. S. M. Jackson is president.

NEW BANK FORMED IN SAN FRANCISCO.

Day and night banking is to be inaugurated in San Francisco with the opening of the Liberty National Bank at Market and Mason Streets, in the building now occupied by the Market Street Branch of the Bank of Italy.

Announcement has been made by Marshall Hale, president of the bank, that the Liberty National Bank has taken over the Bank of Italy's building at Market and Mason Streets, where complete equipment is already provided, including one of the largest safe deposit vaults in San Francisco, with a capacity of 11,000 individual boxes.

The Liberty National Bank has an authorized capital of \$2,000,000, of which amount \$1,000,000 is fully paid in, with a surplus of \$100,000. Its sponsors include a group of prominent San Francisco business and professional men interested in providing a service for the many thousands of people who find it difficult or inconvenient to reach the banks during the day. The plan for day and night banking is calculated to meet an existing demand, and in its general outline parallels the system employed by the Harriman National Bank of New York City, as well as several Los Angeles institutions. The bank is to remain open until midnight every day except Sundays and holidays, while the safe deposit vaults will be open every day in the year until midnight, including both holidays and Sundays. The service of the bank will be complete in every particular, providing savings and commercial account facilities as well as safe deposit vaults.

The officers of the bank will be: Marshall Hale, president; George A. Webster, W. D. Fennimore, Oliver J. Olson, vice-presidents; F. M. Buckley, cashier; Daniel C. Murphy, John I. Hickey, assistant cashiers.

Dan C. Murphy, past president of the State Federation of Labor and Labor Council, will resign as president of the San Francisco Board of Education, which office he now holds, in order to take charge of the Liberty National Bank's savings department.

It is expected that as soon as the necessary authorization is secured and final arrangements completed for turning over the building, business will be immediately started by San Francisco's newest bank.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

THAT while the end of the depression has not yet been reached, it is generally conceded that we have at least passed the worst of it, was the opinion regarding the future financial and business situation expressed at the annual meeting of the Sterling Bank of Canada by President G. T. Somers, while at the annual meeting of the Imperial Bank President Peleg Howland expressed the view that "gradually matters will adjust themselves and when they do there will come to us an era of prosperity such as we have never seen." As for the present, however, there is little change in the money situation and the adjustment of prices to a basis where surplus goods will be absorbed and normal consumption resumed continues slowly with the result that there is much frozen capital in retailers' stocks, in warehouse shelves, and in inventories of manufacturers, not to mention original producers such as the lumber interests.

However, there is some easing up in the direction of current credits as indicated by the bank statement to the end of April. During the month there was another small increase in current loans. This continued the tendency noted since February when the deflation movement which took current credits down more than \$50,000,000 in a few months came to a conclusion. During April, too, there was a decline in savings deposits which marks an interesting development, it being the first indication of declining income on the part of the people in many months, in fact the first since the beginning of the war, with the exception of those fluctuations which marked the flotation of government loans. The comparative figures of savings deposits and current loans in the past year follows.

Demand deposits also declined during the month and total deposits are only about \$3,500,000 larger than they were a year ago, although savings are up over \$100,000,000.

Conditions are depressed in a business way in Western Canada. Thus far the early

	1920	Savings deposits	Current loans
April	\$1,209,573,990	\$1,347,238,230	
May	1,229,073,515	1,349,079,981	
June	1,243,700,977	1,365,161,083	
July	1,253,170,443	1,377,276,853	
August	1,261,647,732	1,385,470,153	
September	1,270,194,097	1,417,520,756	
October	1,271,275,761	1,405,401,227	
November	1,292,009,008	1,357,973,118	
December	1,293,007,488	1,301,804,302	
1921			
January	1,313,093,870	1,264,490,463	
February	1,318,855,482	1,266,253,381	
March	1,319,142,196	1,280,982,873	
April	1,313,832,514	1,281,145,047	

prospects for a bumper crop have failed to create an optimism to counteract the pessimism caused by the decline in the market for wheat and other farm products. There has been plenty of moisture in practically all parts of the prairie country and frosts have not done any serious damage. In parts of the South country in fact the conditions are such as they have not been for many years because of the unusual rainfall in these semi-arid areas. But the feeling prevails that production costs will not leave a very great margin of profit. Under the circumstances there is not as much interest in the West as might be anticipated in the inquiry into marketing conditions being conducted by federal commission. For this the fact there have been other similar inquiries without doing a great deal of good seems to be responsible. At the same time there is a growing feeling that the high freight rates have a very practical bearing on the question. A demand for lower rates is tempered by the fact, however, that the government railways showed a deficit last year of \$100,000,000 more, including charges, etc. What is evidently required is a reduction in costs as well as a reduction in rates and here the effect of high wages and unsound operating conditions are being better appreciated since Hon. F. B. Carvel, chairman of the Dominion Railway Commission took advantage of his recent tour to present some rather startling facts as to amounts paid, hours of employment, etc.

The foreign trade figures for the fiscal year ending March 31 shows, as was anticipated several months ago, a striking reversal of Canada's balance of trade since

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Resources over - - - - \$100,000,000.00

March, 1920, says the Canadian Bank of Commerce. Instead of having an excess of exports amounting to \$222,000,000, Canada has now an unfavorable balance of \$30,000,000. The figures for periods of twelve months, show, however, that our import trade, which expanded rapidly from March to November, entered in the latter month on a period of contraction which gives promise of becoming as pronounced as was the expansion of a year ago. This is borne out by a comparison of the value of imports during March, 1921, viz., \$92,566,829, with that during March, 1920, viz., \$142,509,319, a decrease of 35 per cent. A comparison of the value of the exports for these two months shows a decline of 27 per cent., while a comparison of their value for the last two fiscal years shows a decline of only 6 per cent.



UNION BANK IN FAR NORTH

Carrying banking accommodation for the first time into the new Northern Oil District of Western Canada the Union Bank of Canada will open a branch at Fort Smith in latitude 60 degrees north. B. C. Beyer has already left Peace River Crossing and started into the sub-Arctic to establish this farthest north bank for the Union in the MacKenzie District. He accompanies one of the earliest parties getting away to the new Fort Norman fields in which an important strike was made last fall by the Imperial Oil Company, the Canadian subsidiary of the Standard Oil Company which has already spent millions in testing opera-

tions over a large area of Western Canada.

Fort Smith is the natural gateway to the Mackenzie District and will be the new seat of government as headquarters of the administrator. The mission of the Union Bank takes Mr. Beyer more than 900 miles from Edmonton and it is doubtful if a Canadian banker has entered on a more romantic task since the pioneering days of the Yukon gold camps in '98.

This branch is not expected to return profits but rather to hold the territory. In this respect the venture differs from the early mining days in the American West. The early Western banker in the United States usually charged high rates and expected to make "his" in a short time to guard against the event of the district petering out. Canadian bank branches, on the other hand, not being dependent upon local deposits for funds and having large capital reserves do business at rates very little above those charged in the larger commercial centers even though there may be little or no profit.

Another new branch of the bank is located at Fort Norman on the Mackenzie River, 1,400 miles north of Edmonton.

GREAT WEST BANK

An extension of one year has been granted in connection with the application of the promoters of the Great West Bank for a charter under the Canadian Bank Act. This allows until July 1922 to secure \$50,000 in stock subscriptions as required under the act. The experiences in connection with the promotion have thus far been far from gratifying and the idea of a West-

ern bank financed by Western capital for Western needs does not seem likely to be very successful against the big national institutions with branches right across the country and large mobile resources which can be shifted readily as crop or other trade requirements demand. One of the directors of the Great West Bank recently stated in Regina:

"Unfortunately so much time has been lost by unfortunate happenings that it would have been impossible to have completed the sale of sufficient stock by July next to enable the bank to complete organization proceedings and start up in business. The slump in the price of grain and cattle and the tightening up of the money market are one of the unfortunate incidents which have delayed the preliminaries leading up to the first statutory meeting of the shareholders."

BANK OF MONTREAL CHANGES

W. H. Hogg, manager of the Vancouver branch, and recently acting-superintendent of the British Columbia branches, has been appointed superintendent of British Columbia branches, with headquarters in Vancouver. He will be succeeded in the managership of the Vancouver branch by G. F. Laing, manager of the Yonge and Wellington street branch, Toronto. J. G. Hungerford, the inspector of the British Columbia branches, has been appointed assistant superintendent and inspector of the British Columbia branches.

E. S. J. Martin, the manager of the Yonge and Queen street branch, Toronto, as manager of the branch at Peterborough, Ont., will succeed C. C. Abbott, who is retiring after forty years' service with the bank. Mr. Martin was manager of the Saskatoon branch for some time prior to his promotion to the Yonge and Queen street branch in Toronto, in 1919. C. S. R. Laidlaw, of the Carlton street branch in Toronto, succeeds Mr. Martin.

STERLING BANK REPORT

The tendency of the Canadian banks to curtail current loans is reflected in the annual statement of the Sterling Bank, which shows that during the year such credits were reduced from \$8,476,000 to \$6,754,000 or by \$1,722,000. Despite this curtailment in business, however, there was no reduction in net profits, which were \$255,976 compared with \$251,347 in the preceding year. Of this amount \$98,418 was distributed in

dividends compared with \$85,884 and \$83,000 was allowed for depreciation. Other amounts distributed are compared in the following summary:

	1921	1920	1919
Balance forward ..	\$42,943	\$40,909	\$40,874
Net profits	255,976	251,347	213,632
	\$298,919	\$292,256	\$254,506
Dividends	\$98,418	\$85,884	\$73,146
Reserves	50,000	50,000	50,000
Taxes	29,935	23,429	20,451
Res. for Dep.....	83,000	70,000	50,000
Balance	37,564	42,943	40,909
Premises		20,000	20,000
	\$298,919	\$292,256	\$254,506

The balance sheet also showed that the bank had reduced its obligations to the government by \$2,500,000 and this with the reduction in current loans is evidence of the progress of deflation. Of total assets of about \$23,000,000 the bank has over \$9,000,000 invested in government bonds, placing it in a very strong position as regards immediately available assets.

IMPERIAL BANK REPORT

Although current loans were not reduced, but in fact were increased by more than \$1,500,000, and total assets showed little change, there was some contraction in the profits of the Imperial Bank for the year ending April 30. The net figures were \$1,287,061 compared with \$1,379,311 in the previous year and \$1,247,519 for the year ending in 1919. The following summary indicates the main features of the profit and loss account for the past three years together with the manner of distribution:

	1920-21	1919-20	1918-19
Net profits	\$1,287,061	\$1,379,319	\$1,247,516
Bal. forward	1,062,278	865,459	1,204,943
	\$2,349,339	\$2,244,778	\$2,452,459
Dividends	\$910,000	\$910,000	\$840,000
Pension fund	142,500	142,500	142,500
Patriotic			34,500
Taxes	125,000	125,000	70,000
Reserve			500,000
Repatriation.....		5,000	
Balance	1,171,839	1,062,278	865,459
	\$2,349,339	\$2,244,778	\$2,452,459
Earn. on cap.	18.38	19.70	17.81
*Earnings rate ..	8.3	9.0	8.2
Dividend	12—1	12—1	12

*On aggregate of the average capital, reserve and balance forward.

In view of the increase in current loans it is significant that there was a reduction during the year of over \$2,000,000 in call loans in Canada and an increase of more than \$3,500,000 in municipal loans. Holdings of public securities—including British

Treasury bills—were reduced by nearly \$3,200,000, indicating how war-time obligations are being wiped off. Savings deposits were larger by over \$9,100,000, but demand deposits were reduced by \$7,780,000.

U. S. IMMIGRATION LAW TO BENEFIT CANADA

Col. J. S. Dennis of the Canadian Pacific Railway, a recognized authority on immigration and colonization, believes the United States Immigration Restriction Act will benefit Canada immensely and add to its population thousands of European settlers of excellent class who otherwise would have gone to the United States.

"Though Canada has in force more stringent immigration regulations than at any time in its history," said Col. Dennis, "the restrictions do not apply to farmers, farm laborers or domestic servants. Canada is bidding for the agricultural classes.

"Never before, owing to disturbed European conditions, was there a better class of immigrants offering, and Canada, unlike the United States, wants population. Immigrants are eager to come to America and it is not the foot-loose and fancy free type. It is the substantial farmer or farmer's son. If conditions were right in England and Northern Europe they would never think of coming.

"Now the uncertainty of the times has set these men thinking of opportunities in this country. They are keen to come and compared to the men and women we welcomed ten years ago, they are infinitely better human material.

"Canada's opportunity to people its vast Western agricultural areas with immigrants of the right sort will be largely augmented through the United States Restriction Act."



A. I. B. Convention Notes

The 1921 convention of the American Institute of Banking, which is to be held at Minneapolis July 19 to 22, promises to be a memorable one, not only because of the large attendance and the excellence of its program, but because of the hospitality of neighboring chapters, which will entertain the delegates during the meeting and enroute to and from the convention city.

St. Paul Chapter will act as host to the Institute during one afternoon and evening and Duluth will entertain during the two

days following the convention, the plan being for Eastern delegates to sail from that city on Sunday evening.

Milwaukee Chapter has issued an invitation asking all delegates to be its guests on the afternoon and evening of Sunday, July 17.



According to the program those scheduled to speak are W. D. Simmons, Associated Simmonds Hardware Companies, St. Louis; E. W. Decker, president Northwestern National Bank, Minneapolis; John H. Puelicher, president Marshall and Ilsley Bank, Milwaukee, and vice-president of the American Bankers' Association; A. A. Crane, vice-president First National Bank of Minneapolis; Charles Donnelly, president of the Northern Pacific Railway Company; Joseph Chapman, founder of the Institute's oldest chapter, and vice-president L. S. Donaldson Company, Minneapolis; Dr. Walter Lichtenstein, foreign trade adviser First National Bank, Chicago; D. C. Wills, Federal Reserve agent at Cleveland, formerly member Federal Reserve Board. Other prominent men are arranging their affairs with the idea of attending but have asked that no announcement be made at this time of their addresses. Many younger men, well known in the banking world and active in Institute affairs, will take part in the symposium on foreign trade, the debate and the chapter presidents' conference.

Subjects have not in all cases been agreed upon, but Mr. Donnelly, Mr. Decker and Mr. Simmons will deliver three of the five industry talks. Mr. Crane will welcome the delegates and Mr. Puelicher will speak regarding the work of the educational committee of the American Bankers' Association. Dr. Lichtenstein will lead the symposium on foreign trade.

The departmental conferences, which will be held during the luncheon hour of the first three days of the convention, are being arranged by a committee of which J. W. Bradley, vice-president Old National Bank, Spokane, Wash., is chairman. Each of the ten groups will be under the leadership of an Institute man of recognized ability in that branch of the banking business. The conference program is as follows:

Advertising and publicity: Frank Merrill, publicity manager Northwestern National Bank, Minneapolis; auditing and accounting: Godfrey F. Berger, New York City representative New York State Banking Department; bonds and investments: H. E. Reed, Pittsburgh representative Guaranty

Trust Company, New York; business development: W. H. Wilkes, assistant to president National Bank of Commerce, St. Louis; collections and transits: P. B. Detweiler, Philadelphia National Bank; credits: Clay Herrick, Cleveland, Ohio; foreign exchange and foreign trade: Bruce Baird, manager foreign department Hibernia Bank and Trust Company, New Orleans, La.; mutual savings banks: George Wright, Bowery Savings Bank, New York City; office management: W. K. Lyle, assistant cashier and office manager Federal Reserve Bank, Chicago; trust functions: Aksel K. Bodholdt, Chicago, Ill.

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At the commencement exercises of New York Chapter, Inc., American Institute of Banking, a section of the American Bankers Association, held on June 9, at Aeolian

Hall, thirty-one chapter members representing twenty-five of the leading New York banks received the certificate of the Institute. A highly entertaining and successful program preceded the awarding of prizes and diplomas and included several choral selections by the New York Bank's Glee Club. Russell L. Becker of the Guaranty Trust Company presented the class paper, and Professor J. Duncan Spaeth of Princeton University addressed the graduates on the subject: "America and Europe."

Prizes for distinction in scholarship were awarded to: third year, standard course: Oliver B. Hill, Chase National Bank; second year, standard course: John J. Golden, Federal Reserve Bank; first year, standard course: Lucius Hopkins Miller, National City Bank; preparatory, (regular program of studies): Eva Muehlfeld, National Bank of Commerce.



The F. F. A. Convention

By Earl R. Obern

Manager Publicity Department, Noel State Bank, Chicago, Ill.

THE annual convention of the Financial Advertisers Association was held at Atlanta, Ga., June 13 and 14.

The president of the association, Lloyd H. Mattson unfortunately was not able to attend the convention to make the president's annual address, so Frank D. Connor, first vice-president of the association acted as chairman.

The first speaker on the program was Herbert S. Houston of Doubleday, Page & Company, New York, who made a splendid address on how to advertise to the "man on the street," so as to interest him in purchasing bonds, and having a banking connection. His topic was "Financial Advertising from the Reader's Angle."

Thomas B. McAdam of the Merchants National Bank, Richmond, Va., spoke on "The Salable Bank" touching on the point that the bank that sells itself to the public must be a bank with a genuine interest in the community, and an institution whose officers and



FRANK D. CONNOR

Elected president of the Financial Advertisers' Association at the recent convention

employees have the real human touch in dealing with its customers. In this way only does one bank differ from another, and make it more salable.

L. A. Mershon, secretary committee on publicity, trust company division, American Bankers Association outlined the national educational advertising campaign now being carried on by the committee, and presented actual facts

that won for him the representation at the inter-departmental session of the Associated Clubs. He told how the advertising man could secure greater co-operation from the newspaper if he would be more patient, and endeavor to

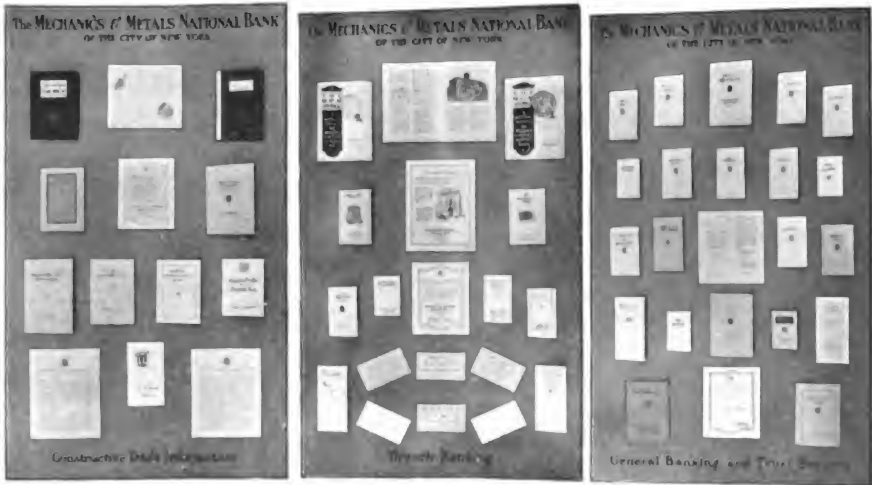


Exhibit of the publicity department of the Mechanics and Metals National Bank of New York at the F. A. A. convention

and figures as to the success of this work.

"The Financial Publishers' Association" was the topic Haynes McFadden, editor of the *Southern Banker*, Atlanta, Ga. spoke on. Mr. McFadden outlined the history of the association, and told some of its ideals. He explained how they were cooperating with the Vigilance Committee of the Associated Advertising Clubs.

A. E. Bryson, of Halsey, Stuart & Company, Chicago, took for his topic "Popularizing Bonds" and told how they were educating the small as well as the large investor to buy bonds on the partial payment plan. He explained his advertising campaign in detail and judging by the discussion on the floor after his address it was extremely interesting and instructive.

G. Prather Knapp, of the Mississippi Valley Trust Company, St. Louis, Mo., made an address on the subject of "The Daily Paper—Its Use by a Bank,"

work with the newspaper representative handling his business. He gave in detail how this could be accomplished. His address was well received, and was considered one of the best of the convention.

A subject which was almost heretofore unheard of was explained by J. A. Abernathy, of the First National Bank, Fordyce, Arkansas, who had for his topic "Financial Advertising from the County Seat." Mr. Abernathy told why a bank located in the county seat controlled the whole financial situation of the county, and should endeavor to get new business on that basis. No doubt this will be an important factor in the matter of advertising by the country banks.

"Increasing the Per Capita Savings Balance" was the subject on which Miss Minnie A. Buzbee, of the American Bank of Commerce and Trust Company, Little Rock, Ark., spoke. She gave facts and figures showing

what the proper cultivation of dormant savings accounts could do. She also outlined her complete savings advertising campaign which had been a profound success.

John A. Price, advertising manager of the Peoples Savings and Trust Company, Pittsburgh, Pa., and the Bank of Pittsburgh, N. A., spoke on "The People's Insured Savings Plan." This plan provided protection by way of life insurance to the man who would make regular deposits in a savings account. The number of accounts opened to date, and the evident interest on part of the layman makes this particular plan very practical. His paper showed that much thought and study had been given to the campaign before launching.

Five minute speeches were made by the following on the subject of "My Best Advertisement."

- A. Why I wrote it.
- B. How I published it.
- C. What it accomplished.

A. C. Flather, American Security and Trust Company, Washington, D. C.

Gaty Pallen, Mercantile Trust Company, St. Louis, Mo.

Miss Jessamine G. Hoagland, National City Bank, Chicago, Ill.

M. F. O'Callaghan, Union & Planters Bank and Trust Company, Memphis, Tenn.

Miss Percy Garner, Wachovia Bank and Trust Company, Winston-Salem, N. C.

D. D. Bailey, First National Bank, Tulsa, Okla.

R. P. Hammond, Second Ward Securities Company, Milwaukee, Wis.

F. C. Adams, National Bank of Kentucky, Louisville, Ky.

Harry J. Plogstedt, Union Savings Bank & Trust Company, Cincinnati, Ohio.

D. B. Harris, Hamilton National Bank, Chattanooga, Tenn.

H. G. Hodapp, Wells, and Dickey Company, Minneapolis, Minn.

Each speaker presented a copy of the advertisement, together with figures showing actual results of same. This showed that there are always advertisements in every institutions that bring large returns.

One of the best of these five minute talks was that of Miss Jessamine G. Hoagland, publicity manager of the National City Bank of Chicago. Miss Hoagland considered the display which is illustrated herewith her most successful ad and said concerning it:

Your chairman asked me to tell of the "best ad" I ever wrote. I interpreted that to mean the best ad I ever produced.

It is what we see rather than what we read that makes the lasting impression. It has never been found necessary to write a lengthy explanation of the world's great



Window display of the National City Bank of Chicago which Miss Jessamine G. Hoagland considers her most successful advertisement. This window advertisement brought in 350 savings accounts, directly traceable to this display, because of the type of savings bank shown only in the window.

pictures. The written or spoken word may be above the intelligence of the rank and file, but a picture has a universal language, understood by everyone, old or young, rich or poor, educated or ignorant.

The beauty and idea conveyed by certain pictures have undoubtedly made their lasting impressions on your mind. How many financial advertisements in the printed word are as indelibly stamped on your memory?

Because I believe in advertising which appeals and instructs through the eye I have brought to Atlanta the advertisement which produced for us the best results of any single piece of copy, rather than to attempt a lengthy description of it. I do not mean results produced from an advertisement which appeared in several newspapers, or an advertising campaign, but one single advertisement.

This display was used in a large window on the Monroe street side of our building, where hundreds of people are passing daily. We count these hundreds our "window circulation"—just as the newspapers count their "reader circulation." It was used this spring when high rents and home buying was the idea uppermost in the public mind and during the "Own Your Own Home" exposition at our Coliseum.

From this window display we traced directly more than 350 savings accounts. We were able to do this because the metal savings bank used in the display was not advertised in any other way during this time and it had never been used by our institution before it was placed in our window.

That "Many a mickle makes a muckle" was better illustrated by the nickels on the path leading up to the cottage than by a half column of written argument. Everyone can save a nickel. The nickel idea had a further advantage in that it would not prove so costly to our bank as it would if paved with half dollars and sometime during the night an "enterprising burglar" decided to clean up the path. The very first morning the display was shown a woman came in to open a new account and said that the nickels had proved to her that it was worth while to save even so small a coin.

Another striking feature of this particular display—it was a "happy" idea. Even old men stooped down to peer into the cottage, and everyone who stopped to look, old and young, smiled. It contained no thought of fear or disaster for old age be-

cause of lack of saving during the earning years; but showed that systematic saving would lead step by step to our objective—symbolized by "the home on the hill."

A little boy that I know came to his grandmother and said "Grandmother, do you see this key? That is the most important key in this world. I would not lose that for anything," and she said, "Why, what is it the key to?" He said, "To our club house." "I did not know you had a club house," said his grandmother. "Oh, we haven't got it yet," he replied, "but we have the key and *this is the key* to it." The little savings bank, if used daily, is the key to every man's ambition—a home of his own.

The whole keynote of the convention seemed to be a policy to endeavor to educate the "man on the street" to save his money, to buy sound investments, and in other ways make use of a bank's facilities. More educational work of this nature is being carried on by bond houses and banks than ever before, and no doubt within the next ten years most people will come to the bank to transact all financial affairs.

The following officers and directors were elected for the ensuing year:

F. D. Connor, president; H. M. Morgan, first vice-president; W. W. Douglas, second vice-president; Fred M. Staker, third vice-president; C. A. Gode, treasurer; Gaylord S. Morse, secretary.

Members National Commission: F. W. Ellsworth, one year term; M. E. Holderness, two year term; Guy W. Cooke, three year term.

Directors: Flavie C. Adams, D. D. Bailey, John Cowan, A. C. Flather, F. W. Gehle, C. H. Handerson, Jessamine G. Hoagland, H. D. Hodapp, C. Prather Knapp, Lloyd S. Mattson, W. R. Morehouse, Carroll Ragan, Ethel B. Scully, C. H. Wetterau.

Extracts from many of the addresses will appear in the next number of THE BANKERS MAGAZINE.



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SEVENTY-FIFTH YEAR

AUGUST 1921

VOLUME CIII. NO. 2

Bankers at the White House

CONFERENCES with bankers at the White House, for the purpose of finding the best means of supporting trade and industry, have aroused considerable comment, most of it favorable. As the problem is to an important degree financial in character, President Harding very likely concluded that bankers ought to know more about it than any one else. Acting on exactly the same principle, he would have called in a shoemaker if he wanted his shoes fixed up. Simple as is this principle and seemingly so in accord with what we are accustomed to call common sense, it is not always followed in governmental affairs.

There is another aspect to this action of the President which seems important. It may be taken as indicating the end of distrust of men of business and will therefore assure to the country in the future the sound business guidance of its most successful men. Such guidance is sorely needed, for even experts are puzzled to find a way out of the existing maze.

It is quite true that in calling for counsel from bankers, manufacturers, railway men, farmers, etc., a somewhat partial view may be gained in each case, for every man has the bias of his special occupation. But the President can make proper allowance for this. On the other hand, when he wants to know something about railways, he will call in experienced railway men rather than doctors of social science. Or if he wants help in solving financial problems, he will ask it of bankers who are expert in such matters, and not of the soap-box orator whose stock in trade is a denunciation of "the money trust."

The departure is a hopeful one, indicating as it does a desire on the part of the President to get the very best information possible on every subject with which he is called to deal. In thus showing confidence in those on whom he calls for counsel the President has a right to expect that the views he obtains from these various sources will be as free as possible from bias and self-interest. It is believed that the bankers who have been called to the White House conferences are of the type of men who will meet this test.

Public Aid for Private Enterprise

DEMANDS made by farmers, the growers of cotton, those engaged in raising live stock, and by others, for aid from the Federal Treasury attract attention to the increasing tendency to rely upon the financial help of the Government.

Part of this tendency arises from the circumstances created by the war. When maximum production was required in a short time governmental stimulation was perhaps justified; certainly it was defensible. People who witnessed the almost magical effects of this stimulus want it continued in peace times. Like many other users of intoxicants, they find it no easy task, having once experienced the exhilaration of the Federal tonic, to get along in the old way of hard work and meritorious service.

The intervention of Government into business in this way is bound to be harmful in the end. As already said, such a course was probably necessary during the war. But it is not so now if we are ever to get back to that "normalcy" of which lately so much has been heard.

Aside from the necessities of the war, we are perhaps getting the Government mixed up in private finance more than most people realize.

In the first place, the supervisory and general controlling power over the country's banking system is now lodged with the Government in the hands of men appointed by the President. Thus when these men—officially styled the Federal Reserve Board—with however much of earnestness and wisdom, seek to put into effect measures calculated to safeguard the country's financial and commercial welfare, they at once lay themselves open to attack. Pressure is put upon the board, through Congress, and perhaps through the President also, for a more liberal credit policy.

Then we have the Federal Farm Loan Board, which was only recently asking an advance of \$50,000,000 from the Government to aid in extending additional credits to the farmers.

And there is the War Finance Corporation, also functioning in a somewhat similar way, and recently asking \$50,000,000 to be advanced to the growers of live stock.

These demands for exceptional credits may be entirely legitimate, and special circumstances may make it advisable to grant them. And yet one can not but wonder how far the intervention of the Government into private finance is to proceed. Despite the advantages of the emergency tariff, many manufacturing plants are in a bad way. Shall a benevolent Government advance them \$50,000,000? Housing accommodations are distressingly short, and many valid reasons could be adduced in support of a Govern-

ment subsidy to encourage the building of homes for the people. And examples could be multiplied.

Where is the use of the taxpayer's money for private purposes to end?



Check in the Rate of Price Decline

PRICES of commodities, while still showing a downward tendency, are moving in that direction much more slowly than in previous months. For example, *Dun's* index number, based on wholesale quotations, was at \$165.995 on June 4, which showed a decline of only 0.4 per cent. below that of the previous month, and represents the smallest change since the marked readjustment process began. The decline for May compares with one of 4.4 per cent. in April, 4.1 per cent. in March, 2.1 per cent. in February and 6.4 per cent. in January, while the general price level is now thirty-seven per cent. under the high record of May 1, last year. At that time, when the index number touched \$263.332, prices were 118.1 per cent. above the pre-war basis, so that nearly sixty-eight per cent. of the maximum advance has been lost.

Consumers fail to find quite the same comfort in these figures as does the statistician. If retail prices had correspondingly fallen, they would be better satisfied. There is some evidence of a decline in such prices, although resistance to the declining process is still quite marked in a number of lines. Probably one factor that must soon tend to bring down retail prices is that of unemployment. Should the large number of unemployed remain out of work long enough to exhaust their savings, this would mean a great reduction of buying, in the face of which retail prices could hardly be maintained at their present level. Indeed, considerable surprise has been felt that this influence has failed to show itself very strongly already. That it has not done so must be taken as an evidence of the fact that those who are out of employment still have the means with which to keep up a pretty high scale of expenditure. But in time these resources will dwindle to a very low point. Should unemployment continue the retailer will be deprived of one of his main supports in holding up prices, namely, the disposition to buy without scrutinizing the price. People whose cash is daily growing less will have to buy more cautiously and more sparingly, and when they do so to any great extent prices must still further fall, irrespective of what the retailer may desire.

It will be a happy day for the country when everybody is at work producing goods that the people can and will buy.

Expenditure of the Proceeds of International Loans

THE proposed requirements that the loans granted by American financiers must be employed in the purchase of American goods bears a somewhat juvenile aspect. If this same principle were followed out, our domestic banks would make loans only to those who would buy in the purely local market. From some points of view the proposed requirement seems desirable enough. If we lend a country money, we naturally do not wish to see the money expended in a way to build up trade rivals at our expense. It would be more agreeable—and more profitable as well—to have the foreigner to whom we lend money pay it all out in this country for whatever goods he may need. That is, this course would be more agreeable and profitable to us. But how about the foreigner? He might not in all cases be able to get here exactly the goods needed, and he might have to pay a considerably larger price for some commodities here than he would if they were bought elsewhere. In either event this would be to his disadvantage. Now, in making a loan, the incentive is not, as a rule, to bring about a sale of goods at a profit, but to make a sufficient rate of profit on the loan itself to justify the operation. If the loan is to be well secured, good for both interest and principal, the person taking the loan must make a profit on its use, and to do so he should be free to buy in the most favorable market. This is not at all times the United States, for all things.

Without such a stipulation in our foreign loans we will get such orders as we deserve by ability to furnish the kind and quality of goods wanted on the prices and terms that will suit the buyer. Why should we expect some more favored treatment that would tend to put a premium on inefficiency in production?

It would be a fine thing if we could always supply the goods which the foreign borrower needs, but he should be left free to buy where he can most advantageously buy what he wants. Should we insist on a different policy, the development of the United States as a power in foreign finance would be hindered at the outset.



Talking Retrenchment and Practising It

PLENTY of talk is heard these days in regard to the retrenchment of Government and private expenditure. Even heads of bureaus at Washington are known in some instances to have approved economy as a general policy. But, of course, they

do not mean that their own disbursements shall be cut down any. On the contrary, they see constantly-widening fields for their beneficent activities. They need, most of them will say, more help, and consequently more money. In taking this position they are like most other preachers of economy who do not wish this remedy applied in their own cases. We are all complacent enough if the other fellow has his income cut down, and do not even lose much sleep if he loses his place. But let such calamities touch ourselves, and we emit cries and lamentations without end. It is the way of mankind.

Congress and the executive departments will retrench whenever convinced that the public demand for such a course is really in earnest; but at present the very vagueness of this demand gives it an air of insincerity. There is also more or less insistence on new Government "aids to business" which tends to support this view. We have the Interstate Commerce Commission, the Federal Trade Commission, the Tariff Commission, and proposals for a Live Stock Commission and a Federal Highway Commission. There is also a strong campaign on for a new department to be established—that of Public Welfare. All these existing commissions are expensive. Some of them are not merely useless but exceedingly harmful to business; and yet, with this experience clearly before them, a clamor is raised for "more Government in business."

The states have mounting expenditures too. One Western state in the last few years has raised its outgo of money from \$4,000,000 to \$35,000,000.

Municipalities display on a somewhat smaller scale the same magnificent propensity for spending money as is being exhibited by the state and Federal Governments.

Are individuals doing any better in making practice square with precept? It is much to be doubted. The average lecturer on economy wears an air of exceeding prosperity. He looks well-fed. That he is no stranger to capon and terrapin may be suspected. He usually rides in a big limousine of expensive make and smokes the costliest kinds of cigars. The ladies of his family find heavy summer furs and much jewelry necessary for their physical and mental comfort. No, the individual, except under the stress of necessity, is not yet practicing economy, however strenuously he may be commending it as a virtue to be observed by others.



International Chamber of Commerce

London Congress, June 27—July 1

AT a meeting held in Paris last year the International Chamber of Commerce was organized, and the first annual congress was held at London June 27 to July 1. There was a good attendance from nearly all the European countries, and a large delegation was present representing the United States. The meetings were held at Central Hall, Westminster, and were presided over by A. J. Hobson, chairman of the British National Committee. Viscount Birkenhead, Lord Chancellor, officially welcomed the congress, and brief replies were made by a leading delegate from the several countries represented.

Etienne Clementel, president of the International Chamber of Commerce, then made an address, and presented reviews and statements submitted by the national committees.

TREATMENT OF ALLIED DEBTS

In the view of the American Finance Committee, the consideration of the subject of the allied debts to the United States was deemed inopportune, and this view prevailed.

DEFLATION OF CURRENCY

An interesting discussion arose in regard to the deflation of European currencies. Professor Gustav Cassel declared that stabilization was not to be effected in this way, and that any attempt to bring the existing currencies in Europe back to their pre-war status would entail a further fall in prices and great hardship, Sir Felix Schuster took the position that the countries should gradually work back toward the gold basis. The resolution finally adopted by the finance group and approved by the general assembly declared "That inflation of paper currency be stopped and progressively decreased."

TREATMENT OF FOREIGN BANKS

The finance committee from America, while recognizing the value of the suggestion of the International Chamber of Commerce endeavor to bring the banking laws of the various countries bearing on this subject into accord, particularly in so far as restrictions may be concerned, reached the following conclusions:

"Because of the difficulties of the situation in the United States, and more particularly, because no legislation can be passed in many of these states, notably New York State, until their legislatures convene this coming year, nothing will be lost if time is given to the study of the exact situation. The committee, therefore, has passed the following resolution:

"*Resolved* That the Finance Committee of the American section of the International Chamber of Commerce recommends that a special committee be appointed by the president of the American Section of the International Chamber of Commerce whose duty it will be to survey the banking laws of the states of the United States (where foreign banks might naturally be expected to desire to open branches) and of foreign countries in such manner as to enable comparison between them and the laws of other countries, members of the International Chamber, bearing upon this matter; and

"Further, that such committee be instructed to report its findings with recommendations in time for consideration by the American Committee of the International Chamber of Commerce previous to the second annual meeting of the International Chamber of Commerce to be held in 1922."

As will be seen further on, a more advanced resolution was adopted by the Finance Group and approved by the general assembly of delegates.

Since the meeting considered a

variety of matters, comprising all the principal phases of production and exchange, and made extensive reports on each of these subjects, it is impossible to present all the resolutions.

The complete address of George E. Roberts, of the American Finance Committee, the resolutions of the Finance Group, and some of the resolutions indirectly bearing on financial subjects are presented.

Among the entertainments provided for the delegates were a dinner at the Hotel Cecil, reception by the Government at Lancaster House, luncheon by the London Chamber of Commerce at Carpenters' Hall, and a reception by the Lord Mayor at the Mansion House.

In the concluding day of the session, the delegates proceeded to Westminster Abbey, where President Clementel placed a wreath upon the grave of the Unknown Warrior.

POSITION OF THE UNITED STATES IN WORLD FINANCE

Address by George E. Roberts of the
American Delegation

In view of the interest that has been manifested by many delegates in the economic position of the United States, and its ability and disposition to create credits in this world situation, it has been thought well by the American delegation that a somewhat detailed statement should be made on their behalf upon the subject.

The American delegation has come to this meeting with a very profound sense of the gravity of the existing industrial and social conditions over the world, and of the need for international cooperation in dealing with them. The United States, in common with all other countries, is suffering from the disorganization of industry and the exchanges which has resulted from the war, and fully realizes the importance of restoring trade relations between countries. The world needs to restore the old relationships everywhere, to open up the old channels of distribution, and old sources of supply. This means that each country, in studying to help itself must study the world's situation. The purchasing power of every country is in its own powers of production. Every country must have its people employed, it must produce and sell somewhere in order to buy. The trade of the world must balance and clear itself. In short, we must set up the whole world-machine, in order to get our own part of it to run.

RESPONSIBILITIES OF THE UNITED STATES

The American delegation are impressed that the responsibilities of the United States in this connection are commensurate with its resources and ability to give aid. The United States has the ability, measured by productive capacity, to supply the world with a great amount of capital in the form of products, but there are difficulties in



● ELLIOTT & FRY, LTD., LONDON

DR. WALTER LEAF

Chairman of Board, London County Westminster and
Parrs Bank, Ltd., Chairman of Financial Group,
International Chamber of Commerce

connection with doing so, which we would like you to understand.

This ability to produce goods and materials, as you know, is private ability. The production is by private enterprise and privately-owned works. In ordinary times the movement and distribution of goods from producers to consumers is handled by the traders, with the aid of the banks and financial houses, and it is accomplished largely by the clearing process—a system by which the stream of goods moving one way is offset against the stream moving the other way, and the trade is made virtually to settle itself. Now the balance for the time being is lost, and the problem is to restore it, temporarily an extraordinary

amount of credit must be used to keep the unbalanced movement going.

There must be a general mobilization of capital and credit to take these products from the producers for cash and sell them where they are wanted on credit. A new supply of capital and credit must be brought into it again. The ordinary supply of credit is not sufficient and the short-time credit afforded by the banks is not adapted to the situation. The other recourse is to the investment market. Securities issued by the corporations or governments of importing countries, or by American corporations, and based upon the proposed credits, must be sold to individuals who have a surplus of funds to invest, and we would like you to understand the conditions surrounding the investment market at this time.

INVESTMENT MARKETS OF THE UNITED STATES

In the first place, while the wealth of the United States as shown by census return is very great, it must be remembered that it is comprised of property spread over a great extent of territory of widely distributed ownership, and consists very largely of real estate—i. e., farms and town property. The United States is still a new and developing country, and over a large part of it the people are accustomed to devote their surplus income to the extension of their own immediate business or for local undertakings. The number of people accustomed to invest in securities listed on the Stock Exchanges or offered in the public market, always has been relatively small. It takes time for people to acquire the habit of investing their money away from home, and in the custody of others, and particularly to become used to the idea of making investments in foreign countries. Our people distrust their own judgment when it comes to buying foreign securities.

Down to the outbreak of war we had been accustomed to look to the European market for capital for ourselves. It was a cheaper and broader market than our own. Down to that time practically no foreign securities ever had been sold in the United States. During the war a few issues for the allied and neutral governments were sold there. Since the armistice something over one billion dollars of foreign Government securities have been sold there. This shows that we are making progress in developing the world market, but it is progress by growth.

It must be remembered that during the war, our developing work was checked by the fact that Government loans aggregating about \$25,000,000,000 swept up the available funds, so that now every part of the country is in need of capital for local improvements. We are needing to build

houses, to spend large sums upon our railroads and public utilities, which generally suffered deterioration during the war.

The competition for capital for these purposes has made interest rates high, and the new offerings of securities at high rates has had the effect of depressing entire lists of outstanding securities and stocks, so that they yield high returns upon present values.

Other factors in the situation are the high rates of taxation and the fact that municipal securities, and to some extent bonds of the Federal Government, are exempt from taxation. The total amount of securities wholly exempt now outstanding is estimated approximately at \$15,000,000,000 and is being constantly increased by new issues.

Municipal securities pay a tax free income of from four and one-half per cent. in the case of certain choice issues, up to seven per cent. in the case of numerous small cities whose credit is not so widely established, but nevertheless is perfectly good.

The presence of this large body of tax-exempt securities has the effect of practically eliminating investors of high incomes as buyers of securities subject to taxation. To an individual with an income subject to our maximum tax an exempt four per cent. Federal or municipal bond yields an equivalent of 14.81 per cent. interest. Conversely, a taxable seven per cent. investment, such as a real estate mortgage, an industrial or railroad bond, or a foreign Government bond, after tax payments actually yields, under the higher schedules, less than two per cent. This calculation is based on Federal taxes only, and there is local taxation to be considered besides. Many of the states have income taxes, the maximum rate in New York state being three per cent.

EFFECT OF THE WAR UPON WEALTH OF THE COUNTRY

It is a common opinion abroad, we realize, that the wealth of the United States has greatly increased by the war, but that is a fallacy. The United States was growing in wealth before the war, and there is good reason for believing that this growth was checked rather than stimulated by the war. It is true that during the first years and before entering the war as a combatant the nominal wealth of the country increased very rapidly, and the real wealth also increased at greater than the normal rate, but after the country entered the war, its own expenditures were very great, and the deterioration of property and loss of normal progress was very serious. Moreover, a large part of the profits made during the period of rising prices has been lost in the period of falling prices, and the country is now experiencing idle industries, business depression, unemployment and forced bankruptcies, a reaction which is costing an amount which cannot be measured.

DIFFICULTIES OF THE SITUATION

These are some of the conditions which we would like you to understand in forming your judgment upon what the United States has done, and may be reasonably expected to do in the way of financing Europe. You have found it necessary to pay high interest rates upon your borrowings there; we see the terms commented upon in European papers as "extortionate". But these loans must be offered upon the public market, and we ask you to consider that it is useless to offer large issues in any market of the world at less than the current rates ruling upon good domestic securities at the same time. It is not the fault of American bankers that interest rates are high. It is their business to give the best advice they can as to the requirements of the market, and it is enough to say in vindication of their advice in the past, that the European issues which have been placed on the American market in the last five years may be purchased today in the open market at practically the original issue prices or below.

This statement of conditions in America is not made for the purpose of discouragement, but in order that there may be a good understanding. The bankers and business men of the United States, who expect to exert themselves actively to the end that their country will come with all the strength it can summon, to the relief of this world's situation, want you to understand the conditions with which they must deal. The capital fund which the world needs can be supplied to a great extent from the United States; but they are scattered over a great continent, and in the hands of millions of people whose interest and cooperation are necessary. The main body of these people live in the interior, back from the Atlantic coast, some of them as far west of New York as New York is west of London. If you should lay a map of the United States upon a map of Europe with New York upon London, the important city of San Francisco would fall somewhere beyond the Ural Mountains over in Asia. I mention this only to show that in the nature of the situation the people are more or less provincial in their outlook. They are dominated naturally by local interests, they are remote from Europe, and their relations with it are mainly indirect. It looks like a long way for them to go to invest money that just now they need very much in the management of their own affairs. It is a question how far an appeal addressed to them by the business interests of the eastern seaboard will move them, for they do not by any means consider the interests of the eastern cities as identical with their own. It is an intelligent population, and will respond eventually to the necessities of this situation, as they did to the conditions which brought

Americans into the war; but nobody can speak for them but themselves; and the very nature of the situation is such as to present difficulties in obtaining from the whole country prompt and coordinate action. It cannot be done off-hand. It depends upon the spread of public sentiment over a great area. You must take America as she is, and judge her by the conditions which make her what she is—for the same condi-



FRANK O. WATTS

President First National Bank, St. Louis, Chairman
American Finance Committee, International
Chamber of Commerce Congress,
London, June 27—July 1

tions probably would affect any other people in like manner.

THE UNITED STATES AND THE REPARATION BONDS

America has welcomed the Reparations Agreement, and accepts the declarations of the German Government of its purpose to pay, as made in good faith. It believes the terms to be just, and that they should be strictly carried out so far as economically possible. American financiers, however, have viewed with concern statements emanating from several countries to the effect that the reparation bonds would be offered for sale in the United States. From their point of view it would be unfortunate to have them introduced into the market, at

least at the present time. In the first place they are five per cent. bonds, and the American market at this time is on an eight per cent. market for the best of foreign securities. There is reason to believe that the German reparation bonds would not rank in that class. The sentimental appeal would not be as strong for them as for allied bonds standing alone, and without raising any question about the German purpose to pay, the undertaking of one country to pay so large a sum outside of its own borders, and in foreign moneys, must be regarded as more or less an economic experiment. Its success depends not only on the ability of Germany to export goods, but upon the willingness of other countries to import them. It is impossible to say in advance what effects such a volume of exports from Germany will have on world markets, or what the attitude of countries towards them will be. It is not clear even what the attitude of the countries receiving indemnity will be towards German exports.

In view of the low interest rates as compared with current rates in the United States, and other features of the situation, it is certain that the reparation bonds would have to be sold at a low price to be moved in that market. If anything like a competitive situation developed among sellers, with so large a possible supply, the market might be demoralized. In short, it would be easy under the conditions to spoil the market, not only for these bonds but for foreign offerings generally, and thus seriously interfere with all efforts to aid the European situation. Any experienced investment banker will confirm the truth of this statement.

American bankers feel that it would be unfortunate to have these bonds offered in a market that was not receptive to them, and sold at low prices. The countries receiving them as indemnity would be disappointed and critical of America for what would be regarded as extortionate terms, and Germany would be aggrieved over being compelled to pay so much more than was actually realized by the recipient countries. In all likelihood it would be said on all sides that the United States, which professed to want no indemnity at all, has found a way to obtain a lion's share. The prospect would seem to be good for the United States to get itself thoroughly disliked in all quarters. We wish to avoid getting into that position.

ALLIED INDEBTEDNESS TO THE UNITED STATES

The question of the indebtedness of the several allied governments to the Government of the United States, amounting in the aggregate to approximately \$10,000,000,000, is another delicate subject which we realize

very much interests many of our associates in this International Chamber. We are aware that a great many people think that for various reasons there should be cancellation in whole or in part of this indebtedness. It should be understood that the executive branch of the United States Government has no power of itself to alter the conditions laid down in the act of Congress granting authority to make the loans. This means that nothing can be done except by action of Congress, and of the representatives. In a matter of so much importance, they are not likely to act without a definite expression of consent and approval by their constituents. There are influential supporters of the proposals in the United States, but at present it must be said that the body of the American public is not convinced either that justice to its late associates requires that America should assume this additional burden, or that the emergency confronting the debtor countries is so great as to require cancellation in order that they may regain a sound economic position. Here again we would repeat that the attitude of the American people probably is just what that of any other people would have been under similar conditions. Most of them were a long way from the conflict, they have never felt that they have any responsibility—historical or otherwise for its beginning, or that they were as vitally related to it as the peoples of Europe. This does not intimate that they lay blame for the war in any degree to their associates, but simply that they considered themselves fortunately placed outside the area of European controversies and that they were entitled to the immunities of their position. They entered the war, as they felt, for just and righteous reasons, but they have never felt that primarily it was their war. That reasoning may appear superficial and fallacious to people who view the situation from a different position, but it may be believed that other people in their position would view it in about the same way. In short, the American people are not ready to take action upon the debt, their attitude is rather that of wishing to push that subject forward into the future.

On the other hand, it does not follow that the American people have any disposition to pursue a harsh and peremptory policy about these loans. They have postponed temporarily the claims for interest payments, and at the instance of the present Administration a bill has been introduced in the Congress giving the Secretary of the Treasury plenary powers to extend the time of payments upon both principal and interest. Public opinion doubtless will approve of every act of accommodation that is necessary to handle this indebtedness in such manner that it will not embarrass the debtor nations in their recovery or inflict hardship upon them.

Aside from the disposition of the American people to follow this course from motives of friendship and consideration of their late associates in arms, there are other reasons why they should do so, some of which may give even greater assurance than these statements of mine. There is a natural equilibrium in economic affairs which in the long run is bound to be maintained; that Europe shall not pay this indebtedness under present conditions is fixed in the very constitution of things—in the very framework of economic relations.

Before the war the world owed Great Britain approximately \$20,000,000,000, but that indebtedness was giving nobody any concern, because Great Britain continued from year to year to reinvest the income largely in the same countries. The United States as a creditor country will find herself compelled to follow the same policy. It is a great exporting country. With her vast productive capacity she is anxious to increase her exports, but finds herself today confronted in every foreign country by exchange rates which put her at a disadvantage in the competition. If in the present state of trade, should the United States ask for the payment of accruing interests upon these loans, and the debtor governments should go into the markets and attempt to gather up exchange to make the payments, the effect would be to raise exchange rates on New York still higher and bring our trade to a standstill. In short, the United States cannot afford to accept payments of either principals or interest from the debtor governments at this time. It will handicap and imperil its own trade by doing so. It is in precisely the same situation of embarrassment about attempting to make such collections as the countries entitled to the German indemnities are about attempting to make collections. In each case there is the risk of disturbing their own industries and trade. If the time ever comes when it can accept payments without putting its own trade in jeopardy, by that token the situation will be such that the payments can be made without hardship to the debtor.

In conclusion and to sum up, this delegation from America has no commission to make promises, it can express only its own opinion. It believes that now the indemnity terms are settled, peace and social order in Europe appear to be more firmly assured than at any time since the war, the prospects for international cooperation are greatly improved. They are convinced for themselves, and believe that the American people are generally impressed, that there will be no prosperity in our own country, no markets for our own products, until international trade is again flowing in its accustomed channels. The importing countries desiring credit must do their part, they must supply the best basis for credit they

can offer, remembering that those of us in the United States who desire to work with them are obliged to go out to the public market and find the money with which to pay for the things that are wanted. The bankers who handle the securities must comply with the conditions of the market, and they must be able to offer securities they can recommend.

BETTER UNDERSTANDING WILL LEAD TO RELIEF

Finally, the needs of Europe should be presented in definite form. There should be something like a general survey in each country to determine what is wanted, and what is most wanted in order to restore the productive capacity of the country. If it is agricultural implements, a list should be made of the number of ploughs or harvesting machines, or whatever it may be; if it is breeding stock a list should be made; if it is railroad equipment a list should be made; if it is cotton or copper or other raw materials, a list should be made and forwarded through the proper channel together with a statement of the security that will be offered. Then it will be up to the business organization of the United States to call together representative people in the industries directly concerned, and see what can be done. There is good reason to hope that steps taken in this orderly manner will lead to practical results. The situation is beset with difficulties, but the United States has lost enough in the last year by a shrinkage in the value of its products and by idleness in its industries to supply everything that Europe has needed for the restoration of her industrial life. This fact constitutes a reproach to organized society and there is reason to believe that when the situation is fully comprehended a way to correct it will be found.

RESOLUTIONS ADOPTED

Below are presented those resolutions proposed by the Finance Group and adopted by the conference. Some of the other resolutions are also presented.

DOUBLE TAXATION

"Whereas the existing system of double taxation places a heavy burden on international trade this Congress resolves that Governments should be pressed to come to an understanding with a view to alleviating this burden."

STATEMENT OF PRINCIPLES

With regard to the tax on income earned within the country, from whatever source derived (real estate, personal property, business and professions), without prejudice to

the question of super-tax on income, each country should accord similar treatment to all taxpayers both citizens and foreigners, whether resident in the country or not.

With regard to the tax on incomes earned abroad, from whatever source derived (real estate, personal property, business and professions), without prejudice to the super-tax on income, each nation should accord similar treatment to all taxpayers subject to this tax (i. e., citizens or foreigners resident in the country and citizens resident abroad); if this class of income cannot be entirely free from liability to taxation, it should be the object of a considerable rebate in consideration of the tax on such income already levied in the country of origin. This principle is already in force in certain countries (in Belgium, for example, where the rebate amounts to eighty per cent., and in the United States, where the rebate is total in case of reciprocal treatment.)

With regard to income collected in the country but earned either wholly or in part abroad, the same principle of total or partial rebate should be applied to the part of such income which has been earned abroad.

With regard to the super tax on income of every class (real estate, personal property, business and professions) it is desirable that each country should refrain from taxing foreigners resident within their frontiers except by a tax applicable solely to the total income earned in the country itself apart from income earned in other countries.

It is desirable to see the above mentioned principles applied to companies and partnerships, in the same manner as to individuals.

EXPORT CREDITS

That this Congress recognizes the necessity of the establishment under Government auspices of credits for the reconstruction of the devastated and impoverished countries of Europe.

To this end the Congress is prepared to support the Ter Meulen scheme as modified and put into operation by the Provisional Economic and Financial Committee of the League of Nations.

Further, this Congress advises the establishment of permanent committees of business men and bankers in all the countries affected, to furnish all information and to lend all assistance in the choice of credits and participations.

EXCHANGE

Whereas, the most important factor in the resumption of normal commercial relations in the world is the present restoration of confidence, on which basis alone adequate

credit and financial resources may be obtained; and

Whereas, the declarations of the Brussels Financial Conference and of the International Chamber of Commerce clearly emphasized the essentials of financial reform of governmental expenditures to be observed if grave disaster were to be avoided; and

Whereas, during the interval which has passed since these declarations were made, many of the evils anticipated have developed, while little progress has been made in necessary reforms; and

Whereas, it must now be apparent that general confidence cannot prevail and that the prosperity of nations cannot be restored until all governments undertake, with the least possible delay, the measures necessary to relieve the world of present burdens which are so largely responsible for widespread unemployment and paralysis of industry and finance; and

Whereas, it is desirable that the International Chamber of Commerce should give its emphatic approval to the recommendations at the Brussels Financial Conference and reaffirm the previous declarations of this Chamber;

Therefore, be it resolved:

1. That governments pursue a strict policy in regard to taxation and to departmental economy.
2. That inflation of paper currency be stopped and progressively decreased.
3. That a study be made of the effect upon the international exchanges of the present position of inter-allied debts and of possible remedies, and a similar study of the payment and utilization of German reparation, and that it be referred to the Council of the International Chamber of Commerce to appoint a commission for this purpose.
4. That the disarmament laid down in the treaties become as soon as possible an accomplished fact in order to bring about a general reduction of budgetary expenses.
5. That the creation of national and international organizations for export credits be actively undertaken by private enterprise with the support of governments.
6. That the governments of countries with a depreciated rate of exchange avoid as far as possible contracting new external debts.
7. That the greatest possible liberty be granted in all commercial and financial transactions.

TREATMENT OF FOREIGN BANKS

Whereas, it is undesirable in the interests of international commerce and good will that legal restrictions or special taxation should be imposed by any country on the business of foreign banks within its frontiers, beyond those to which native banks are already subject, or that special

privileges should be granted exclusively to home banks.

This Congress urges all countries whose legislation at present provides for restrictive measures or special treatment to take the initiative in abolishing these laws, if possible in all cases, but at least in favor of those foreign countries which afford reciprocal treatment.

BILLS OF EXCHANGE

Seeing that difficulties frequently arise from the conflicting legislation of different countries with regard to bills of exchange, the International Chamber of Commerce expresses a hope that the question should be specially examined with a view to a satisfactory solution.

The accompanying resolutions were offered by the Production Group, and were approved:

Whereas: Government control of or participation in industry and commerce discourages individual initiative and renders trade conditions uncertain and artificial;

Resolved: That government control of industry and commerce should be discouraged and private enterprise encouraged in all lines of industry and commerce.

ECONOMY OF RAW MATERIALS

Whereas: The conservation of some of the world's natural resources is of paramount importance to the welfare of the world by reason of the rapidly diminishing supply;

Resolved: That the International Chamber of Commerce take immediate steps to encourage research work and investigations in every possible way to lessen the waste in the production and utilization of raw materials, and to make available the results of such researches and investigations.

CONSTRUCTION

Whereas, A special committee on construction was appointed pursuant to the action of the board of directors on July 3, 1920, to study the proposition contained in the preambles and resolutions submitted by Willis H. Booth, relative to a study of the construction industry; and

Whereas, That select committee has made a study of the matter thus submitted to it, the results of which study are set forth in Brochure No. 9. (London Congress) entitled "Construction"; and

Whereas, As appears on page 4 of that Brochure No. 9 the select committee referred the results of their study, as set forth in full in said brochure, to the Production Group for examination and decision as to practical measures which should be taken in order that the International Chamber of

Commerce may most effectively take action in the matter; and

Whereas, The Production Group has examined the material thus submitted by the special committee on construction and has also examined the program submitted by Noble Foster Hoggson and Col. John R. Wiggins, members from the United States of the Select Committee on Construction No. 9, as well as the memorandum submitted by the Italian members of that committee, all of which material is set forth in full in said Brochure No. 9.

Now, therefore, be it resolved that as a result of a study of the material thus submitted, the Production Group commends and approves in general the program submitted by Noble Foster Hoggson and Col. John R. Wiggins and recommends that the board of directors take the following steps:

A. Appoint a permanent committee to undertake a survey of the construction industry which shall proceed along the lines of collecting and collating and disseminating the vast amount of valuable data which is available and which is at present in the possession of such agencies as The British Societies of Engineering Standards, the Royal Institute of British Architects, the French Ministry of Commerce, the Office de Batiment in Paris, the International Biographical Institute of Brussels, the Advisory Committee of the Federation of Labor, the National Federation of Construction Industries of the United States, the Associated General Contractors of America, and a number of similar agencies operating in different countries.

B. Subject to the availability of funds which can be used for the purpose, provide a necessary staff for carrying on the work above described.

Be it further resolved that the Production Group recommends the adoption by the general meeting of the International Chamber of Commerce of the following resolutions:

Resolved, that the board of directors of the International Chamber of Commerce be requested and authorized, subject to the availability of funds which can be used for the purpose, to (1st) appoint a permanent committee to undertake a survey of the Construction of Industry and (2nd) provide a necessary staff for carrying on the work of the committee.

STATISTICS

Whereas: Increased and cheaper production is essential in the reestablishment of the economic balance of the world, and will follow a sustained normal demand as soon as this can be arrived at, and

Whereas: The committee on production at the organization meeting of the Inter-

national Chamber of Commerce in Paris, 1920, approved of the plan of an international statistical bureau as being highly necessary to the efforts of the producers of raw materials to supply materials essential to the world's economic life.

Resolved: That the committee on production now assembled urge the directors of the International Chamber of Commerce to take steps to bring about as soon as its financial resources will allow it the creation of an International Bureau of Statistics which will make promptly available exact and readily comparable data of paramount significance to the commerce of the world; and further

Resolved: That the production committee assembled urge the board of directors of the International Chamber of Commerce through such bureau of statistics, to take steps looking towards the adoption of an international uniformity in the classification of statistics and the methods of determining the values and the quantity units used in their recording.

Resolution proposed by the Committee on Devastated Regions, and adopted by the assembly of delegates:

RESTORATION OF DEVASTATED REGIONS

Considering that the question of the restoration of the devastated regions is of an international interest;

In view of the enormous difficulties with which the invaded territories are faced owing to the destruction of their most productive and most profitable resources;

Taking due account of the determination and good will which the inhabitants who bore the brunt of the invasion have displayed in the reconstruction of their homes, farms and businesses, as well as the substantial financial and directive assistance extended to them by the authorities;

For the above reasons,

The International Chamber of Commerce trusts that the agreements made with Germany regarding payments will be carried out so that an International Financial Committee shall be formed to make suggestions to the various countries as to the best means by which the conversion of the German bonds may be made so as to provide the invaded countries with the requisite resources for proceeding with the reconstruction of the devastated regions, while at the same time providing the necessary safeguards against any serious influence on the monetary exchange market.



Study Your Job—The Key to Success

A Heart-to-Heart Talk With Those Who Would Get Ahead in Banking

By Allan F. Wright

HOW can I attain success? That is what every reasonable human being would like to know.

Should we study the lives of some of our greatest men we would reach the conclusion that they attained the heights only over the road of hard, persistent and intelligently directed work. Especially is this true of the successful banker. Many a successful man in looking backward and reviewing his struggle toward the top has answered that the key to success is hard work. They will tell you that the best thing a young man starting out in business

can possibly do is to give all his time, all his energies to work—just plain, hard work. But does this answer suffice? Is that all that is required? Will hard work alone lead on to success? Will hard work make the young bank clerk a successful banker? No. We all know that this alone is not enough. The prudent man has added hard, persistent and intelligently directed work.

Percy H. Johnston, vice-president of the Chemical National Bank of New York, and a man who has made a signal and early success in the banking field says: "Any young man can attain success if he is willing to pay the

price—good habits, good health, much burning of midnight oil in study, the investment of an endless amount of genuine friendship, constant alertness to the little opportunities that lie at everyone's hand if the mind and eye have been trained to see them; and of course, ceaseless industry, without which wishes and ambition are worthless." We see then that the key to success is not alone in hard work, but in the will to work hard and persistently and the will to develop and use the mind. The duty to study is co-equal with that of labor. It requires long and careful training to become familiar with the technical details of banking. No one has ever learned it all. The best bankers are those who best understand the business—the science of it—the law of it—the economics of it.

Business is a game, and those who would win must pay the price. You cannot play the game unless you know the rules and how to apply them. Success in business is not like war, to the most powerful, but to the fair, the just, the shrewd, the far-sighted, those who know the game and play it well. And success in banking will come to the banker only as he knows and understands the rules and precedents of the banking game. He must have a knowledge of the functions of money, the principles of economics, the customs of business, the science of accounting, the law of bank checks. He must know whom to trust, how to deal with people, how to finance a business, how to invest funds wisely, how to run a bank. And having learned the law and the practice he will become a good banker.

What about you? Are you content just to hang on where you are? If you are, rest assured that's as far as you'll ever get. But if you want to be somebody, to climb to a position of responsibility in the bank—get ready for it. The big responsibilities go to the persons who are able to properly fill them; who are prepared. Of course, it may not be wise to study to be a bank president right away. It is not likely that you will be taken off a led-

ger or an adding machine to be made president of the bank. You will have to master several other positions before that. Study the position or positions immediately ahead of you. The men who have gone past you were not lucky fellows. They were prepared. You too, can prepare yourself, can be ready for your opportunity when it comes. There is not a person in any department of any bank anywhere who does not have the brains to learn banking in all its broad applications if they will but put sufficient study, time and desire into acquiring the knowledge.

Have you ever thought that in one respect, you are as rich as Rockefeller—as well off as Ford or J. P. Morgan? Well, you are. You have a great big ample amount of capital, which Nature deposited in the Bank of Life to your credit when you were born. Time—man's most valuable raw commodity. You have all the time there is—twenty-four hours each day to spend as you like. In that one thing you're as well off as the richest man in the world. And you can exchange your time for anything the world holds. If you want money—success—just invest a little of your time properly and the reward is yours. A few of those spare evening hours, now idled or wasted away would have brought you cashable knowledge that human hands could not take away.

"Cultivate the habit of reading something good for ten minutes each day," says Charles W. Eliot, ex-president of Harvard University. "Ten minutes a day will in twenty years make all the difference between a cultivated mind and uncultivated mind, provided you read what is good."

There are thousands of well educated men and women who have educated themselves in their spare moments. The next time you ride home on your train in the evening examine the crowd of fellow passengers. Practically everyone is reading. Some men are devouring every word of the sporting page during the forty-minute trip. Others interest themselves with a magazine or novel. The sport page is all right. It is splendid relaxation;

but I ask you—can you predict the future of your fellow travelers. I can. Some will grow and become expert in their line for they will study not only books but the very human nature of their fellows and the world about them, and will advance accordingly. And others will become plodders as the years go by—will grow old and bent and gray following routine and knowing little else. Most of us manage somehow to find time for the things we love. If one yearns for self-improvement, if one is hungry for knowledge, he will make the opportunity. The days and nights are all too short for the one who is in earnest about his education.

Bank workers will find help and inspiration from knowing how other bankers became successful. Their careers are shining examples of what any young bank man can accomplish through hard work supplemented by well chosen studies at home or at school. If you can learn the methods used by these men to get ahead, you can use these same methods to get ahead yourself. It requires only determination and application.

The careers of some of our greatest bankers and financiers are shining examples of what any young bank man can accomplish through hard work supplemented by well-known studies at home. Frank A. Vanderlip, former president of the National City Bank of New York was but a poor boy, forced to leave school at an early age to earn his living. From the days when he worked in a machine shop and lived with his parents in Aurora, Illinois, he spent every minute of his spare time in self-improvement—studying the history and science of banking and economics.

Later, when he became a reporter for an investment agency in Chicago, night and morning, on the trips to and from the city, he read, while his friends played pinochle. For every step in his career he was prepared by constant study, an insatiable appetite for new knowledge and an unflagging capacity for hard work. It was those

elements in his character that made Frank Vanderlip. They will make any man and there is no substitute for them.

It is said of James S. Alexander, president of the National Bank of Commerce, New York, that it took him six years to become an assistant transfer clerk and three years more to become transfer clerk. For fifteen long, rather dreary years he kept his nose on the grindstone, giving to each job the best there was in him. Although the institution was not going ahead and promotions all along the line were dishearteningly slow, Alexander never once allowed his ambitions to die. He not only did more than a full day's work every day, but read every book he could find on the fundamentals of banking, the science of finance, the principles of credit, the theory and practice of foreign exchange—in short, every business book calculated to give him mastery of every phase of the banking business.

Modern banking is far too complex to permit the individual banker to learn from personal contact and experience alone. The business of banking is one long deep study. No one has ever learned it all. The best bankers are those who best understand the business—the science of it—the law of it—the economics of it.

The banker should supplement his own experience at every point with what the other fellow has found out. It is not necessary, for example, that a banker should learn the law of negotiable instruments by means of mistakes and lawsuits. The experience and decisions of the past have been formulated into principles of law which any man can learn from a treatise on the subject of negotiable instruments.

Neither is it necessary for one to learn primarily by personal experience the general principles of bookkeeping and accounting in a banking institution. Bank accounting methods have become so well standardized that one can learn quickly the most approved plans from an authoritative discussion of banking

accounting. And thus it is all along the line.

If I were to lay out a course of study for the young bank man who wants to grow in his understanding of banking and business, I think I would classify them about as follows:

(1). A good book on the history and theory of banking. Horace White's "Money and Banking" and Chas. A. Conant's "A History of Modern Banks of Issue" are both good and not too difficult for beginners. I know of no book which covers every phase and detail of the operation of a modern bank better than Wm. H. Kniffin's "The Practical Work of a Bank."

(2). A book on bookkeeping, auditing and accounting. This may sound like elementary advice, but I should say first of all that everyone should have a knowledge of simple business bookkeeping. The business world today is full of college graduates who cannot even read a balance sheet, who are ignorant of one of the most fundamental operations of business, because they have never been drilled in simple business accounting. Gilman's "Principles of Accounting" and Wm. R. Basset's "Accounting as an Aid to Business Profits" are both good and there are many others.

(3). A good book on political economy. Political economy is the science that deals with wealth—its production—its uses—and in its practical application is the keystone of credit. Ely's "Outlines of Economics" is good, as is E. L. Bogart's "Business Economics."

(4). A book about Wall Street, for Wall Street is really the heart of our business organism. Pratt's "The Work of Wall Street" is the best book I have seen on this subject.

(5). Something on commercial and banking law. While the average banker need not be a lawyer, he should have a general knowledge of the rights and obligations of parties to contracts and sales and understand the danger points in negotiable instruments. "Business Law" by Samuel Hirschl and "The Bankers Guide Book" by Wm. R. Morehouse, or "The Law of Bank

Checks" by John E. Brady are all good.

(6). A book on credits. A knowledge of credits is the foundation of the banking business. Every banker needs to know the principles of credit and the sources of credit information. Skinner's "Credits" and Kniffin's "Commercial Paper, Acceptances and the Analysis of Credit Statements" are both excellent.

(7). Business organization and administration. Galloway's "Office Management" is good, as is Kimball's "Industrial Management."

(8). Biography. Franklin's "Autobiography" ought to be read by every man in business. He was our first self-made man. The lives of Cecil Rhodes or James J. Hill and other men of the empire-building type help men to think in larger terms and exercise the imagination.

Once you have mapped out and actually begun a course of study with a goal plainly staked in view, here are a few suggestions which may prove beneficial.

First, concentrate your mental efforts entirely upon the text book you have begun, trying to grasp and assimilate the viewpoint of the book as laid out and presented. If you begin a new course of study and supplementary reading at the same time, you are likely to scatter your mental energies and become confused in your attitude toward your studies. It is better at first to focus your mind exclusively on the text book itself.

Second, carefully compute the amount of spare time you will have to study. Make your computations on the weekly rather than the daily or monthly basis; your schedule will work out better. It would be better to undercompute, if anything, the number of spare hours you will have for this purpose; then stick to your schedule, actually doing every week at least the minimum amount of studying that you plan to do.

Third, as to the books and articles you read intensively, read with an un-

derstanding mind. Get at the meaning—the kernel of thought—paying only casual attention to the manner of expression. Then think over what you have read, comparing and contrasting it with what you have learned in your course, and advancing reasons in support of your final conclusions. It might be helpful to review a number of the chapters from time to time so that the

fundamental points in the text book will be thoroughly digested.

The foregoing are a few simple hints, which if carried out faithfully, will make the time you spend upon your studies definitely productive. Every hour you spend in definite study of your job will return to you, ten, twenty, fifty, or even a hundred times its present worth, in real money.



The Bank Credit Investigator*

By Russell F. Prudden

(This is the fourth of a series of articles by Mr. Prudden covering this important subject).

THE preparation of the Profit and Loss Statement and the Balance Sheet were discussed in last month's article, and the next step to be considered, therefore, in the making of a bank credit investigation is the analysis of such figures. In discussing the bookkeeping procedure leading up to the final statement, it was brought out that a trial balance must be drawn up, the inventory taken, the Profit and Loss Statement prepared, and lastly all remaining figures or the balances of all financial accounts remaining open, merged into a Balance Sheet. This Balance Sheet, or so-called financial statement, if properly made, should show the true position of the business at the close of the fiscal year. It is a financial picture of the business after all the transactions of the year have been moulded into and made a part of the then remaining assets and liabilities. When compared with statements of previous years, either an increase or decrease in the worth of the business can be noted.

As mentioned in the preceding article, most concerns of any size engage a firm of certified public accountants or chartered accountants to come in and

audit the books after the close of the year. It is very important to the banker that the statement be audited by such accountants as their opinion is usually an impartial and a very reliable one. In this connection, it is well for the banker to know that the firm of accountants employed is considered high grade and reliable. Also, he is entitled to a copy of the auditor's certificate which in nearly all cases is appended at the bottom of the statement. This certificate merely covers in a brief way the scope of the audit and a resume of the prevailing conditions. While it does not necessarily guarantee the correctness of the concern's books and statements, the auditors usually certify that in their opinion the statements set forth the true financial position of the business as of the date in question.

Having received an audited statement from a customer, or from some other source in the case of a special investigation, it becomes necessary for the bank investigator to analyze it. A single statement can of course be analyzed and certain opinions deducted, such as the relation of assets to liabilities, et cetera, but a more satisfactory analysis can be accomplished by comparing the figures with those of previ-

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ous statements. For this purpose such figures are transferred to a bank form known as the "Comparison of Statements." Each bank has its own special form but all are quite alike, at least in principle, the purpose being to so digest the figures as to place the various items in juxtaposition, thus indicating whether or not progress has been made. The current or quick assets such as cash, accounts and notes receivable and merchandise are set down first, usually in blue ink or type. These items are the ones to which a banker first looks for the retirement of the debtor's obligations to his institution in case of trouble, and for that reason are placed at the top or beginning of any comparison form. They are followed by the slow, permanent or so-called non-liquid assets, such as real estate, machinery and equipment, and deferred items, which are set forth in red ink.

Below the assets are grouped the liabilities according to the same arrangement. Notes and accounts payable are included in current or quick liabilities while mortgages, long term bonds and reserves are usually considered slow or as being deferred, and are indicated by red ink. The ideas of credit men vary, however, as to which reserves are quick and which are slow. For instance, some institutions do not set up a reserve against doubtful accounts as a quick liability, while other banks have made it a guiding rule that a reserve against a quick asset is a quick liability and a reserve against a slow asset, a slow liability. As to other quick liabilities, there is no question but that taxes and dividends should be included in that category.

After having set down all assets and liabilities in the order suggested it is customary to have a heavy ruling and to place immediately below the totals of both the quick assets and the current liabilities. Upon subtracting the smaller from the larger the remaining figure would of course represent either an excess or deficit of current assets. Should the assets exceed the liabilities, this figure would represent the net

quick assets, more commonly known as the working capital of the business.

The ratio or percentage of total current liabilities to total quick assets is next indicated. In case the liabilities were \$50,000 and the assets \$100,000, the current ratio would be fifty per cent. A more common method of indicating the percentage, however, is by the division of the current assets by quick liabilities which in this example would result in a percentage of 2.0. In other words, the assets are twice the liabilities.

Next following the current ratio on the comparison form are placed the more important operating details, such as net sales, net income, dividends, et cetera, which are of course, obtained largely from the Profit and Loss Statement. Some business concerns will not give out complete operating details, often omitting the item of sales, in which case it is impossible to make a complete and accurate analysis. As such an analysis is desired by all bank credit men it is very essential for the banker to insist upon receiving full details. In this connection it is not the duty of the certified accountant to furnish this data of his own accord without permission from his client, as some persons seem to think, but rather it is the banker's duty to ask for and obtain this information.

Returning again to the subject of current or quick items in a financial statement, we find that for many years bankers and credit men have been imbued with the idea that the current ratio must be at least fifty per cent. or "two for one" in practically all cases. Should it be less they would be inclined to turn down any proposed loan or purchase of commercial paper. Borrowers soon became acquainted with this fact and found that by various methods of "window dressing" the ratio could be improved or brought into line at least for the time being. One method has been to sell merchandise or securities to interested parties, reduce the debt with the proceeds, thus improving the ratio and immediately afterwards repurchase the assets. While this prac-

tice is not common, it only goes to show that the two for one ratio is sometimes misleading and not always dependable. As another example, it is generally known that the current ratio in the packing business is below the set mark, and according to the two for one theory it might be assumed that this business is weak. Such, however, is not the case, certain general conditions peculiar to the business causing the low figure.

In view of such instances it has for sometime been apparent to certain credit men that some other method of analysis was needed. With this in mind, Alexander Wall, secretary of the Robert Morris Associates, has spent a great deal of time and study in formulating a system of internal and type analysis. By this system of internal analysis, Mr. Wall reduces everything to a ratio, making it possible to compare the performances of both large and small companies. Seven of such ratios have been established from the component parts of the statement and these qualifying ratios have been developed to amplify and make clearer the real value of the current ratio as a measure. They are: First, a ratio between receivables, both notes and accounts, and merchandise; second, a ratio between capital, surplus and undivided profits, or worth, and non-current or capital assets; third, a ratio between total debt, both current and funded, and worth; fourth, a ratio between sales and receivables; fifth, a ratio between sales and merchandise inventory; sixth, a ratio between sales and worth; and seventh, a ratio between sales and fixed or non-current assets. The use of these ratios and their value in testing or analyzing a financial statement have fully been set forth by Mr. Wall in his recent book entitled "The Banker's Credit Manual" as well as in a pamphlet issued by the Robert Morris Associates entitled "Financial Statements."

While the ratios as suggested can be applied to a single statement, their value is largely increased by comparison with those made from other statements. For this reason Mr. Wall has

worked out to a certain extent a system of type ratios. To do this a large number of statements for a certain year covering a single line of business were gathered, and the ratios obtained were averaged. The seven average ratios were assumed to be the type ratios for the particular line of business. It is instructive to note in this connection that the average current ratio of quick assets to current liabilities expressed in percentage form made from 189 grocery statements, was 244.45; the average current ratio from 101 dry goods statements was 211.89; and the average current ratio from thirty-three hardware statements was 277.78. These averages are quite different from the generally looked for two for one condition. Mr. Wall has also worked out a table and ratios covering many lines of business, not only nationally but covering certain sections of the country. These figures were fully set forth in an article entitled "Credit Barometrics" prepared by Mr. Wall for the Federal Reserve Board and published in the Bulletin. They should undoubtedly be of considerable value to any one interested in the study of credit and especially the analyzing of statements. More complete and up-to-date figures are constantly being prepared by Mr. Wall and those who have studied the matter feel that his efforts are in the right direction.

As a general idea of the purposes and methods of statement analysis, both present and prospective, has been given, the Balance Sheet figures received from Jones & Brown and the Broadway Clothing Company, the detailed affairs of which were fully discussed in last month's article, will be set up on the respective partnership and corporation bank comparison forms. The operating details covering the partnership and corporation transactions will also be added. A comparative analysis of these statements according to prevailing methods, therefore, can be made and in so doing each item will be considered separately in the order appearing on the statement forms.

No. 1234 Form												
JONES & BROWN				New York City.								
ASSETS				1919								
				Dec. 31st								
Cash				18	740							
Notes and Bills Receivable (customers)				5	000							
Accounts Receivable (customers)				95	000							
Merchandise (finished and in process)				52	000							
raw material				78	000							
Miscellaneous Items—Current				6	000							
Other Notes and Accounts Receivable												
Real Estate and Buildings				10	000							
Machinery and Plant				8	000							
Investments												
Miscellaneous Items—Slow				500								
Trade Acceptances												
TOTAL				273	240							
LIABILITIES												
Notes and Bills Payable to Banks and Bankers				80	000							
Notes and Bills Payable for Merchandise				25	000							
Accounts Payable for Merchandise												
Other Notes, Loans or Accounts Payable												
Miscellaneous Items—Current				2	000							
Bonded Debt (when due)												
Real Estate Mortgage (when due)												
Miscellaneous Items—Slow												
Trade Acceptances												
Total Liabilities				107	000							
Reserves				2	750							
Net Worth				163	490							
TOTAL				273	240							
Current Assets				253	790							
Current Liabilities				107	000							
Ratio				2	37							
Excess or Deficit of Current Assets				146	790							
Outside Worth of Partners												
Outstanding Liability												
Net Sales				520	000							
Gross Profit				118	700							
General and Selling Expenses				47	450							
Operating Profit (or Loss)				71	250							
Other Income					240							
Charges against Income												
Net Income (or Deficit)				71	490							
Withdrawals												
Increase or Decrease in Net Worth												

Exhibit 1

Upon glancing at the two comparison forms, it can be seen that the December 31, 1919 statement of Jones & Brown has been set up on a partnership form and appears as Exhibit No. 1, while the January 1, 1920 statement giving effect to the corporate financing on that date has been placed on a corporation form and appears as Exhibit No. 2. This latter form also included the figures representing conditions at

the close of the year 1920. As the operating details for 1919 were based on the original investment and the partnership business for that year, they are placed on the first form. In other words, the corporation being in existence but one day, as of January 1, 1920, the operating details for the previous year could not correctly be appended as of that date. In this connection it is of interest to recall that

during recent months many concerns have increased their capital or bonded indebtedness, and when subsequently selling their paper or securities, have made public only a statement giving effect to the new financing and probable operating details based on the same. Had the original figures covering the year's business under the old capitalization been forthcoming, they might in many cases undoubtedly have been such as to induce the purchaser of the paper or securities to place his money elsewhere.

Before discussing the statements, item for item, it may be well to bear in mind the nature of the concern's business, which is that of manufacturing men's clothing. In this business there are two principal seasons, namely, spring and fall. The terms of sale vary from sixty days' dating with seven per cent. off for cash in ten days thereafter to four months' terms. Many clothing manufacturers also sell on season's dating, which is usually May and November. This means that while fall goods are sold early in the year, delivery does not begin as a rule until July and the bills are dated November when payments begin. In the case of spring goods, deliveries begin around the first of the year and dating and payments are usually made in May.

At the close of any year, therefore, when analyzing a clothing manufacturer's statement, we should expect to find the accounts receivable fairly well liquidated and the different items of merchandise, especially finished goods and goods in process, large. In view of a large merchandise item, a clothing company would no doubt be borrowing quite heavily from its bankers at such a time. It is always quite essential to understand the nature of any business under consideration, for in many cases statements are made at a time of minimum debt. The credit man should therefore be interested in getting the peak load, or amount of maximum borrowings at any one time. In a certain line, for example, a concern may not be supposed to borrow more than it is worth while in other lines it is per-

missable to borrow several times the net worth.

A brief analysis of the various items appearing on the statement forms may now be of interest.

Cash

There is no set rule regarding the amount of cash which a statement should show. It is an item which varies in size quite materially at different seasons. A particularly small amount might indicate that twenty per cent. balances in proportion to loans, which most commercial bankers require, are not being maintained, but in case a broker were also being used such a deduction could not be made with any degree of accuracy. If cash is particularly large, there is a possibility of early distribution for dividends, salaries or near-due accounts. Suffice to say the cash item should not be manipulated for statement purposes and should be large enough to care for the ordinary business needs such as payroll and other current items. In the problem under discussion the cash items appear to be quite satisfactory. On the first corporation statement the cash is especially large due to money being received from sale of preferred stock at that time.

Notes and Bills Receivable

This item should as a rule be small. In a few lines of business such as the raw fur, contracting or piano, notes are sometimes given for payment, but in a great majority of cases business is done on the open account or acceptance basis and consequently notes are only given after an account has become due and not paid. Such notes are subject to considerable depreciation, and if discounted at a bank, where they are known as "receivables," a contingent liability is incurred which should be set forth on the statement form below current ratio. The item of Notes Receivable, therefore, should be quite carefully investigated if of any size. In the present problem the amounts appear fairly large and indicate lax credit methods or poor collections. In this

N. B. 20 Corporation									
THE BROADWAY CLOTHING COMPANY					New York City.				
ASSETS		1920	1920						
		Jan. 1st	Dec. 31st						
Cash.....		89 740	46 980						
Notes and Bills Receivable (customers).....		5 000	15 000						
Trade Acceptances.....									
Accounts Receivable (customers).....		95 000	225 000						
Merchandise.....		52 000	150 000						
Finished and in process.....									
Raw material.....		78 000	163 000						
Miscellaneous Items—Current.....		6 000	6 000						
Other, Notes and Accounts Receivable.....									
Real Estate and Buildings.....		135 000	135 000						
Machinery and Fixtures.....		8 000	49 000						
Investments.....									
Miscellaneous Items—Slow.....		500	1 000						
Discount on Preferred Stock.....		5 000							
Good Will.....		36 510	36 510						
TOTAL.....		510 750	827 490						
LIABILITIES									
Notes and Bills Payable to Banks and Bankers.....		80 000	200 000						
Notes and Bills Payable for Merchandise.....									
Trade Acceptances.....									
Accounts Payable for Merchandise.....		25 000	56 000						
Other Notes, Loans or Accounts Payable.....									
Miscellaneous Items—Current.....		2 000	7 000						
Bonded Debt (when due—1940).....		100 000	100 000						
Real Estate Mortgages (when due.....)									
Miscellaneous Items—Slow Premium on Bonds.....		1 000	20 000						
Reserve for Taxes.....									
Total Liabilities.....		208 000	383 000						
Reserves.....		2 750	23 400						
Capital Stock.....		300 000	300 000						
Surplus and Undivided Profits (or Deficit).....			121 090						
TOTAL.....		510 750	827 490						
Current Assets.....		324 790	602 780						
Current Liabilities.....		107 000	283 000						
Ratio.....		3.03	2.13						
Excess or Deficit of Current Assets.....		217 790	319 780						
Outside Worth of Endorsers.....									
Contingent Liability.....									
Net Sales.....			1 200 000						
Gross Profit.....			252 100						
General and Selling Expenses.....			131 250						
Operating Profit (or Loss).....			120 850						
Other Income.....			240						
Charges against Income.....									
Net Income (or Deficit).....			121 090						
Dividends—Preferred.....									
Dividends—Common.....									
Increase or Decrease in Surplus.....									

*See notation on reverse side.

Exhibit 2

connection it should be mentioned that if any of them represent loans to officers or employees, or subsidiary or affiliated interests, they should be placed with the slow assets under the heading of "Other Notes and Accounts Receivable."

Trade Acceptances

As the subject of trade acceptances will be discussed in some detail in a

later article it may be merely mentioned at this writing that where acceptances are received for the sale of merchandise which is the only way in which they can properly originate, they are available for discount at a bank, in which case a contingent liability is also created. This would not be the case, however, were they endorsed "without recourse" for in such instances the endorser assumes no responsibility for

payment. Endorsements of this nature are but rarely used as the paper thus offered would be more of the nature of an outside investment rather than direct accommodation to a customer. Although the use of trade acceptances has not as yet become universal we find them well known in certain lines. In the raw silk business, for example, or in any business in fact where long terms are customary, four months' trade acceptances or those of other maturities are now quite common.

Accounts Receivable

Accounts receivable or book accounts are considered a most liquid asset. They should of course represent real transactions and should cover strictly goods sold and delivered and should not include monies due from employees, subsidiary concerns or branches. A sufficient amount of depreciation should be set up against the accounts. It is essential to learn if any of the accounts have been pledged in any way or sold to companies known as commercial or private bankers. During recent years this practice has grown very considerably and while there is a difference of opinion as to whether it is proper, there is no question but what the banker loaning funds on the concern's straight note should be informed if any of the accounts are hypothecated.

The proportion of accounts receivable (including notes) to sales is an important relationship or ratio as it gives quite accurate information as to how collections are being made. Should annual sales be \$24,000 and accounts \$2,000, the result obtained by division would be twelve, indicating that collections were averaging thirty days. If the terms of sale were thirty days this would be excellent, and a better average than is usually found. In the case of Jones & Brown and the succeeding corporation, the sales are five times the receivables, which appears to be too high a figure in view of the seasonal nature of the business. Such rapid collection of accounts would hardly be experienced in the clothing manufactur-

ing business unless the terms allowed purchasers were much shorter than is customary. There is also a proper ratio between accounts receivable and merchandise for a concern should have sufficient goods on hand to meet probable sales. Much depends, however, on general business conditions as well as the customary or seasonal position of a business as of statement date.

Merchandise

Most bank comparison forms subdivide the item of merchandise into "Raw Material" and "Finished and in Process." In some bank forms the latter item is also subdivided but as a rule concerns do not give out such detailed data, more often unfortunately, merely stating one lump sum to cover all merchandise. Regardless of this feature merchandise constitutes one of the most important parts of the current assets and is an item appraised with difficulty. The correctness of a merchandise inventory rests largely with the integrity of the management and the testing ability of the certified accountant. It should be taken at a time when it reflects a normal condition of business in the particular line, and the kind of merchandise and the nature of the business must also be considered. Most credit men agree that cost price should be taken except when present value is less than cost in which case inventory should be taken at the lower valuation. By comparing merchandise with annual sales, that is, dividing merchandise into sales, the approximate annual "turnover" is determined. In our present example, the stock was turned four times in 1919 and almost as much the following year. This would seem to be very good for the clothing manufacturing business and in fact is probably somewhat better than most successful concerns are able to do. As the height of the spring clothing manufacturing season is in November and December, and as spring delivery begins soon after the first of the year, it is apparent that both Jones & Brown and the Broadway Clothing Company are rather short of merchandise on state-

ment date. Another criticism of these statements is that the finished goods and those in process are too small and should at least equal or exceed the raw material.

Miscellaneous Items—Current

Under this heading we have placed Liberty bonds although practically all other investment items of any kind are classed with slow assets by bank credit men. If the amount of Liberty bonds were large it would be well to ascertain whether they were being carried at par or at market. Also, when Liberty bonds have been pledged, the full amount of bonds may be carried as a quick asset and the loan as a quick liability, or what is possibly more common, the loan may be deducted from the value of the bonds and the resulting equity treated as a quick asset.

Other Notes and Accounts Receivable

These have been described heretofore as notes and accounts from officers, employees or subsidiary concerns and are always classed with the slow assets. In the case of obligations of officers or employees the matter is not serious unless the amounts are comparatively large and in such instances an explanation should be forthcoming as to just what these items cover. Where money is owing from subsidiaries, however, there is an element of danger which must not be overlooked and it is necessary to ascertain just what relationship exists between the concerns. Also, if the amount involved is at all sizable the credit man should familiarize himself with all possible facts and figures pertaining to the subsidiary. In the case of a wholesale grocery company owning a separately incorporated chain of retail stores, for example, it is important to know what proportion of the parent company's sales are to the stores. The question of obtaining a consolidated statement is also of importance, especially where the parent company has an interest in the financial arrangements of its subsidiaries.

Real Estate and Buildings

This is a strictly slow asset regardless of cost or location. The banker must always look to the quick items for the payment of a loan. Real estate is often mortgaged in which case the mortgage should be shown in the liabilities, and it is essential for the banker to know the maturity and interest charges. It is needless to say that the property should be amply insured, taxes and assessments paid, and any special liens mentioned. The size of the real estate and buildings item of course depends largely upon the nature of the business, but any unduly large item of this character should be scanned with a degree of caution. It is hardly necessary to mention that had some of our prominent industrial concerns used more discretion in adding to their property and plant accounts for the past year or so they would not have been as hard pressed for ready cash during the recent depression. Bankers do not as a rule loan money to finance real estate purchases and building extensions, such betterments being paid from earnings or through increased capital investment. It is of course essential that the proper depreciation reserves be set up.

Machinery and Fixtures

Practically the same reasoning applies to this item as in the case of real estate. Most machinery would have limited value if sold and is subject to marked depreciation and even obsolescence. An exception to the general rule, however, is that of looms and spindles in cotton mills. These are quite valuable, can be moved to other mills without serious inconvenience and in several instances are said to have recently been appraised at higher prices than cost. In analyzing a cotton mill statement, therefore, the banker would not necessarily regard with apprehension a large item of machinery. It is well to learn whether the machinery has been purchased on the installment plan and whether any chattel mortgage is outstanding. In discussing the

present statements it is of interest to note that the partnership had comparatively little capital tied up in fixed assets of this character, but that large increases were made during the second year. In view of these extensive increases and the fact that the volume of business was only doubled, it is apparent that full advantage of the increased capacity was not availed of, or else abnormal prices were paid for the equipment. The banker would be entitled to know the true facts in the case.

Investments

It is well to know the type of securities included in this item. Are they stocks or bonds of affiliated or subsidiary companies or are they stock exchange or active securities and easily salable? As stated before, all investment items except United States Government obligations are treated as slow, but it is obvious that first class securities of prime corporations, and especially those enjoying an active market are more desirable than otherwise, and the banker is entitled to full details.

Miscellaneous Items—Slow

Such items usually known as deferred assets, include prepaid interest, taxes, advertising or insurance and must be properly charged off into Profit and Loss at later periods. They have little or no actual value in case of liquidation.

Discount on Preferred Stock

This item seldom appears in a financial statement but was necessary to give the true effect of the new financing on January 1, 1920. During the course of the year, it was properly charged off into Profit and Loss, and did not appear in the December statement. Were it larger, however, a certain portion could be charged off annually over a period of years instead of in a lump sum.

Good Will

Good will, patents, et cetera, are intangible assets and usually have but

little real value. Often, as in the present case, good will represents "water" and the large surplus shown on December 31, 1920, would be quite materially affected if the good will item were eliminated. In some instances, where a concern has had a long successful record and its product is very well known a fairly large good will item is justifiable but as far as the credit risk is directly concerned good will should be eliminated.

Notes and Bills Payable to Banks and Bankers

In analyzing this item, it is important to ask whether the notes are secured by collateral or endorsed or guaranteed by those interested in the concern. The amount of notes outstanding from time to time would vary considerably according to the season and also possibly according to the trend of commodity prices. When the merchandise item is large, bank loans are usually heavy and as a rule greatly exceed the accounts payable for merchandise. Notes payable under the above heading also include loans made through commercial paper brokers but that subject will be discussed in a subsequent article. Bank acceptances might also be included although they might more properly be listed as a separate item. In analyzing the statements it will be noted that practically all of the figures are in even amounts. Round figures such as these would be rarely found except in the case of notes payable to banks. When a concern obtains money from a bank it usually borrows in even amounts such as \$5,000 or \$10,000 as the case may be. When the credit man, therefore, sees that a concern's notes payable are represented by an uneven sum such as \$9,761.28, there is a possibility that the item includes notes given for merchandise purchases, which practice is undesirable. On the other hand, it may represent miscellaneous deposits from friends and officers, or possibly the unearned interest charge has been deducted. Where the amount of the notes payable item is large or uneven, the

credit man should endeavor to determine the cause.

Notes and Bills Payable for Merchandise

In the average well managed concern this item should be lacking. As stated before notes are given in certain lines of business, but this is exceptional nowadays, and as a rule such an item would be a danger signal.

Trade Acceptances

Trade acceptances have already been mentioned in connection with the analysis of the quick assets but from the viewpoint of the buyer it may be mentioned that where he is not in a position to take cash discounts he is better able to compete with the cash buyer by using acceptances. By giving a negotiable evidence of indebtedness to the seller good faith is shown and where such obligations are promptly met credit is improved. A concern which gives trade acceptances is more liable to act carefully and intelligently in its purchases than were it purchasing on open account.

Accounts Payable for Merchandise

This item should ordinarily be relatively small. Open accounts must usually be settled promptly to take advantage of any discounts offered. It is well to ascertain, if possible, if any of the accounts are secured, and if any part is due to officers, directors or employees. In the present problem, the accounts appear to be fairly small and well below bank borrowings.

Other Notes, Loans or Accounts Payable

It is advisable to inquire as to why such liabilities have been incurred. They often represent loans made by directors or friends and would be withdrawn at the first sign of trouble with subsequent detriment to the other creditors. Most legitimate needs can be met through bank borrowings, or if additional capital is required, it can be obtained with more permanency through

issuance of capital stock. All items under this heading should be considered as quick regardless of promises or statements as to relative permanence.

Miscellaneous Items—Current

Such items as accrued wages, taxes, interest or dividends should be included.

Premium on Bonds

This is a bookkeeping transaction corresponding to "Discount on Preferred Stock" which has previously been discussed. At the end of the year when the books are to be closed it will be wiped out through the medium of the Profit and Loss Account.

Reserve for Taxes

It is well to ascertain that a reserve for taxes is set up on all statements. Taxes are the quickest kind of a liability and at present are very heavy. At the close of the year taxes can be fairly well estimated, and in some cases fully one-half of the net income might be reserved. A statement that the surplus represents conditions before tax adjustments is not sufficient and many concerns that have not set up the proper reserve have unfortunately had to borrow heavily shortly after to meet tax payments, thus incurring a rather bad credit standing.

Bonded Debt and Real Estate Mortgages

In analyzing these items, it is important to know whether the bonds are secured only by real estate and buildings or cover the general assets. In the latter case, the bondholders have in effect a prior lien on all assets of the company, and the general creditor is in an unfavorable position. Such information as purpose of issue, maturity, rate of interest, date of issuance, retirement and sinking fund provisions must be mentioned. Annual sinking fund payments must usually be regarded as a current liability. Serial bonds or short term notes maturing within twelve months are also cur-

rent, and some bankers hold that when there is any doubt about the concern's credit, debenture bonds should be classed as current. The question of caring for maturing long term issues should also be given attention so that plans for refunding or extension may be duly considered.

Reserves

The necessity of setting up reserves covering depreciation on real estate, machinery and equipment has previously been explained. Some credit men prefer to deduct these items directly from the assets in question, while others prefer to class them with the liabilities in order that the yearly increases may be noted. Reserves for bad debts and discounts are of a current nature but are often included on the bank comparison forms with other reserves, the full amount of the accounts receivable thus being shown. Later, when totalling current assets for ratio purposes, the amount of the reserve is deducted. This system has been followed in the problem under consideration. Losses by bad debts which are incurred during any year should be charged off to Profit and Loss, owing to the fact that the reserve set up at close of year covers only accounts then outstanding. Unduly large reserves of all kinds are sometimes set up to reduce profits and consequently to evade paying large taxes.

Capital Stock

All details such as amounts authorized and issued, par value, dividend rates and cumulative features should be known. When capital stock shows an increase over any period, information should be forthcoming as to whether payment was in cash or whether a stock dividend was declared. This latter form of increase is very popular at times and results as a reduction in surplus. Some concerns, having idle surplus funds, purchase their own stock in the open market, carrying it as an investment instead of reducing the amount of capital stock outstanding. The stock

exchange is said to be largely responsible for such an action for should the treasury stock be deducted from the capital stock on the liability side it would no doubt be stricken from the trading list. Some persons advance the argument that the directors and officers of a concern knowing more about its affairs than about other companies, are justified in investing in their own stock. The desirability of such a purchase is, however, not generally conceded.

Surplus and Undivided Profits

This item represents the accumulation of surplus earnings from year to year. It is not a lump sum of money as many students of finance are led to believe but is represented in the various assets. Few concerns are so unwise as to pay out all earnings in dividends but prefer to hold at least part of the money to provide for increased business. In analyzing and comparing statements, it is essential to "reconcile the surplus." This merely means that the addition of the net income for the year to the previous year's surplus less dividend payments, should be approximately the same as the latest surplus figure shown on the statement. It is well to know whether a yearly gain in surplus is represented by an increased cash item or is largely tied up in slow assets.

Net Worth

This term has previously been referred to as the excess of assets over all liabilities, and represents the ownership interests in any business. It is the accountability of a business to its owners and in the case of a partnership is represented by the partner's capital accounts while in a corporation it is represented by outstanding capital stock, surplus, undivided profits and special reserves for contingencies, less good will.

Outside Worth of Endorsers

Officers of a company often personally endorse the company's paper. En-

dorsements are sometimes obtained because a concern is financially weak and again merely as a matter of precaution or custom by the banker. Firm paper is not usually endorsed as all partners are individually liable for the debts of the firm. In case of endorsement it is well to ascertain what strength is added to the note. In other words, what are the outside means of the endorser? A request for a statement or definite information on the subject is not unwarranted and should be forthcoming without hesitation where borrowings on this basis are at all large. It is also well to learn whether endorsers give endorsements in any other direction. This often occurs and sometimes greatly minimizes the value of such signatures.

Consignment Accounts and Advance Purchases

When merchandise is consigned but not actually sold, it is not in reality an account receivable. There is also a possibility that the merchandise may meet with accident and not be returned. It should, therefore, be carried in a special account for the time being. Many concerns are not strict in reporting purchases for future delivery, and the liabilities incurred therefor. This information should be placed on the books and thus included in the statement, as the bankers are entitled to it. In some cases the current ratio would be materially changed and often weakened by the addition of these two items to both sides of the statement. Bank credit men should therefore carefully inquire into commitments for future delivery especially because of possible loss due to falling prices.

Contingent Liabilities

There are many kinds of contingent liabilities and the credit man who is "on the job" will make an effort to ascertain if any exist. The best known form of contingent liability is probably that arising from the discounting or endorsing of notes receivable and acceptances. The discounting of foreign

bills of exchange also incurs a contingent liability, as well as the guaranty of the obligations of subsidiaries. Commitments for future delivery of merchandise purchased likewise make the buyer contingently liable and the many cancelled contracts and subsequent law suits in recent months have very forcibly brought the matter to the attention of all credit men. As stated before, a contingent liability may come about in many ways and as they are not often directly set forth on the statements received by banks, it is the duty of the bank credit man to discover them before it becomes too late.

FINAL ANALYSIS OF STATEMENTS

The various items in the sample statements have been discussed in detail and some criticisms made. The current ratios have been uniformly better than two for one, and on the whole a satisfactory position is set forth. In fact, the growth and prosperity of the business appears to have been rather uncommon. Gross profits have been large for the volume of business transacted and general and selling expenses comparatively small. During 1920, however, the working capital was not increased sufficiently to maintain the former high ratio. Profits from the doubled volume of business were not in proportion, although reserve for taxes on the corporation statement probably made some difference. Considering the fairly modest beginning, the concern has been going ahead very rapidly, and in view of dividend declarations, large items of plant extension and good will, its officers might be tactfully warned of over-expansion and the advisability of conservatism, should they apply for further credit.

In analyzing the foregoing statements, no attempt has been made to cover all possible details regarding each item. Not only will space not permit but the credit investigator, who is newly learning the rudiments of statement analyzation can hardly expect to go into minute detail regarding every item. In fact, an investigator is

very often forced to rely on data at hand and in most cases is unable to secure a great deal of explanatory information regarding the various items. Such facts should be obtained by the accountants when making the audit or by the bank official when discussing the

statement with the client. The investigator should have the ability to look over intelligently and digest all obtainable figures and to analyze a statement so well as to lay bare any weak points in the financial structure of the concern.



Problems of Safe Deposit Management

By George G. Bradford

President Massachusetts Safe Deposit Association

[The following extracts from an address made by Mr. Bradford before the New England Bankers Convention should be of interest to all banks doing a safe deposit business.—THE EDITOR.]

TWO features of a new situation in safe deposit management that has been developing so rapidly within the last year or two, that deserve attention, are, first:

The enormous increase in the growth of the business and the tremendous demand for boxes which has made the safe deposit department of the bank a paying investment. Banks that have been running that department at a loss are now finding it an increasing source of profit. This is due, of course, to the Liberty Bond. There are in New England at least a million Liberty Bond holders owning approximately two billion dollars of Liberty Bonds. Most of these sooner or later find their way to the safe deposit vault for safe keeping. This offers to the banks who meet this demand with well organized and well guarded safe deposit departments, a legitimate and very considerable source of additional income. But it also offers now possibilities of loss, for the Liberty Bond that creates the demand and makes possible the profit, brings

with it a new danger—the possibility of loss.

I turn now to the second fact—the possibility of loss, a possibility that has not been brought home to the banks of New England because there have been as yet few or no losses in New England.

A REMARKABLE RECORD

Prior to the advent of the Liberty Bond losses in a safe deposit vault were an almost unknown thing. In a half century of safe deposit practice in Massachusetts there had been only one insignificant loss of a few thousand dollars, a very remarkable record when we consider the numerous losses in other departments of the banking business. A similar record is found in other states, few losses and mostly for insignificant amounts—\$1,450, \$3,750, \$2,500, \$2,000.

This really very remarkable record is deserving of a brief word of comment. Without going into a history of the safe deposit business of the country or discussing at length the skill and vigilance and high sense of personal and financial responsibility that produced this result, we should note two factors contributing to it that operated just prior to the war. One factor was the ingenuity and safety of the safe

deposit system. It is a very ingenious and safe system. If managed with integrity and reasonable skill, it is a system hard to beat.

The second factor is that prior to the advent of the Liberty Bond there was no compelling inducement for thieves to beat the system or burglars to break and enter. The contents of the average safe deposit box prior to the war could not be stolen from the box and disposed of without being traced back to the thief. Railroad bonds, public service bonds, the other negotiable instruments usually found in a safe deposit box could not be marketed or turned into cash without detection.

SAFETY FROM ACCIDENT OR THEFT

I am frequently asked by bank men how anything could possibly be lost or stolen from a safe deposit box.

That question is a compliment to the skill, the vigilance, and the integrity of the safe deposit manager of the last half century. It is because those men have understood the possibilities of loss, because they have anxiously discussed and debated and devised ways and means of preventing these possible losses that the very remarkable record of the last half century has been achieved.

It is because we want to preserve that record and perpetuate it that we are here to urge the new comers to consider the possibilities of loss, loss of capital, loss of prestige, loss of reputation, and to seek by all reasonable methods that ideal of safety that is the *raison d'être* of a safe deposit vault.

As it is impossible to discuss in an open meeting like this, intimate details of safe management without danger both to the public and to the banks, we urge small group meetings of bank officials at convenient centers like Springfield, Worcester and Haverhill, Fall River and Providence, Concord, Manchester and Portland, to discuss these problems with their vault managers in a more intimate way.

CUSTODY OF LIBERTY BONDS

The war imposed upon the banks the custody of Liberty Bonds. It was an indispensable service they were called upon to render the public, and they had no choice but to render it. But there is a choice in the methods they employ to render the service. In making this choice banks prudently choose the method which offers on the whole the greatest safety and convenience for the public and the banks. The question whether they employ the old familiar banking method by which they can retain complete control of the situation, or the new safe deposit method, of renting boxes to customers which is an admirable method if the bank is so organized as to overcome the technical difficulties in the way of complete control, and can wisely assume the different legal liabilities, is a very important one. So important that the Massachusetts Safe Deposit Association has prepared a leaflet on the question entitled "Liberty Bonds and the Banks' Responsibility for their Safekeeping, a Question of Method and Liability." As the question is a rather technical legal question, I will ask the usual privilege "Leave to Print" and refer you to the leaflet. I would call it especially to the attention of the officers and trustees of the mutual savings banks. There is a question today whether they can wisely use the safe deposit method under present conditions. This sudden change in the situation within the last year or two from the easy going pre-war days to the more difficult and perplexing situation created by the Liberty Bond and the acetylene torch make this question a very vital one. It has been wisely left to the judgment of the very responsible and conservative men who serve as trustees of our mutual savings banks.

SERVICE AT COST

Seriously, gentlemen, would it not be good public policy in view of the new dangers and costs of the business for banks to revise their safe deposit rates, and would it not be a good service to the community as well as good

business, to reorganize their safe deposit department, increase the number of vault attendants, raise salaries to the standard that increased volume and responsibilities of the business warrant, adopt such other reasonable safeguards as the occasion requires, and then make a charge for services rendered sufficient to cover cost of service, cost of maintenance and a reasonable profit on capital at the risk of the business?

A few banks in Massachusetts, Rhode Island and New York have done this, apparently with the approval of their customers. I believe it would be wise for all banks to look into this matter and take such action in each case as seems best. I do not think it necessary or wise to come to any agreement or enter into any combination on this point. But if each of you gentlemen will inform yourselves as to what it costs to maintain a well guarded and well managed safe deposit vault and fix such reasonable charge to your customers as will cover the cost, including a fair profit on capital at risk of the business, you will find you have gained their increased confidence in the strength and security of your institution.

The citizens of Massachusetts have learned that the street railways could not render good public service at less than cost, and have accepted as sound public policy the principle of service at cost. I believe banks can wisely apply the same principle to the safe deposit business.

COST OF SERVICE, AND THE MUTUAL SAVINGS BANKS

This principle of "Cost of Service" could probably not be applied by the mutual savings banks in the same way as by the stock banks. There is probably involved there a legal principle that would make it unwise for them to make any charge for service for the custody of Liberty Bonds. I would again refer you to the little leaflet on this subject.

VIGILANCE

The following incident (which actually occurred) shows the need for constant vigilance. The vault manager's instinct of caution and rigid observance of the rules of conservative practice prevented an unlawful entry.

A young man came into a safe deposit vault bearing a letter instructing the manager to grant him access to his father's box and signed with the father's name. With the young man came an older man who gave his name and said that he was connected with the city government lived in the same neighborhood with the box holder and his son, both of whom he had known for years. They stated that the father was ill but had written the letter and given his key to the son which he had with him. The manager said that he had no doubt but that it was all right, but that before granting the access, he could call up the box holder and get his spoken confirmation over the telephone. After he said this and got out his telephone book, the older man drew him aside and said that he better not try to telephone the father for, as a matter of fact, he had died at four o'clock that morning. It is needless to say that the young man did not get into the box.

DIFFERENCE IN CUSTOMS OF TRADE

The other day there occurred a very picturesque incident illustrating the difference in the customs of the trade, in the banking and in the safe deposit departments of the same institution. Each department had back of it a half century of successful and conservative practice, and each acted according to the best traditions of their trade and they acted differently.

The vault manager received a telephone call at half-past four, after his vault was closed, from the vice-president of a large banking institution, notifying him that one of his box renters, a young man, had been passing forged checks on the banking institution, and

requesting him to prevent the box renter going to his safe deposit box if possible. A similar message was received by the treasurer, asking him to stop the young man from withdrawing any money he might have in his bank account.

Promptly at nine o'clock the next morning, the young man appeared at the paying teller's window and drew out his balance of \$800. The teller, according to the custom of his trade, felt compelled to pay the check on demand without delay. The young man immediately went down stairs and applied for admission to his safe deposit box, and was not admitted. The vault manager explained that he had notice of some trouble and must ask time to

consult counsel and requested the young man to call later.

When the young man did come later, he was accompanied by his counsel and the counsel of the other parties in interest, and the contents of the box were turned over to the two counsels to hold.

This cautious action of the vault manager to ask for time to consult counsel on the box renter's first call, was in accordance with the best traditions of his trade. It was also in accordance with those traditions to admit the young man on his second visit, the manager having had time to consult counsel.

As to the strict legal aspects of the case, they may have been the same, it was the custom or tradition of the trade that made the difference.



Bankers' Insured Savings Plan

THE Lincoln National Life Insurance Company, Fort Wayne, after nearly two years of experimentation, has worked out a practical plan of insurance, the primary object of which is to promote thrift and savings.

The plan is called the "Bankers' Insured Savings Plan" and is a combination of a savings account in a savings bank with a life insurance policy issued by the Lincoln National.

While the idea was actually put in practice by the company in June, 1919, the company did not authorize its general use until very recently.

It is distinctly a "Live to Win" plan providing for regular monthly deposits in a savings bank for a period of ten years at the end of which time \$500 or \$1,000 as the case may be, matures for the benefit of the depositor insured. In case of death during this ten year period the insurance company pays to the bank a sum sufficient to enable the

bank to pay to the designated beneficiary of the depositor insured the full face of the account.

In referring to this plan the company states:

"In our opinion it is going to result in a very wonderful service to banks and their customers, in that it will encourage persistent savings accounts. I think the plan is going to revolutionize the savings account business, and if so it will be a great factor in putting this country back on to a sound basis.

"A simple statement of the plan is that by the correlation of decreasing monthly term insurance with a regular monthly and therefor a regular increasing savings account, one who desires to save a given sum of money (\$500, \$1,000, etc.) in a given time (120 months) will, if he lives and continues to make his deposits, be enabled to draw out the amount he set out to save; but should he die at any time during the period he will immediately have a

savings account matured for his beneficiary for the amount he intended to save.

"For many years banks have tried to encourage people to save money by telling them that by saving money they would build character and success. This has not been an appealing sales argument, and the people who have responded have not been persistent savers. The average deposit in strictly savings accounts is only \$165 in this section of the country and the lapse rate on savings accounts is never less than fifty per cent. per annum, and in some cases as high as eighty per cent.

INCENTIVE TO THRIFT

"There is a lack of incentive to begin and even more a lack of incentive to continue saving. At best saving money in small amounts in order to build character and success and reach a final goal is not nearly so attractive to the mass of people as to accumulate one or two hundred dollars to spend on some luxury. The fact exists that as soon as the average person gets one or two hundred dollars saved the clever salesman of an automobile firm or some similar selling organization induces the saver to draw out his money as a first payment on some appealing luxury. The Christmas Savings Account campaigns have resulted in little more than to educate people to save money in order to spend it at the Christmas season.

"The Bankers' Insured Savings Account, as perfected and offered by us, furnishes, we believe, the incentive to people not only to begin to save but to continue to save. Under this plan we will issue insurance on people from age ten to fifty inclusive. The monthly

deposit rate of age ten to thirty-three is \$7.60; thirty-four to forty, \$7.70; forty-one to forty-five, \$7.80; forty-six to fifty, \$7.90. Thus only four groups of savings account books are required by the bank.

"The opportunities for profit to a bank are great, for instance, having a thousand of these accounts maturing during a given year for \$1,000 each. These thousand people with their \$1,000,000 maturing to them during a given year certainly offer the bank a thousand of the best prospects that could be conceived for the sale of bonds or other securities. The bank has made friends of these people and the bank knows of these prospects sooner and more surely than any other bond house knows of them.

"Think, too, of the opportunity a banking house has, with these thousand customers coming into the bank every month, of inducing them to open additional similar savings accounts as they find from time to time that they can spare a greater amount of money for savings and realize that they are getting some place with their savings.

"Another great advantage to the bank over ordinary savings accounts is that whereas the ordinary accounts are spasmodic, the deposits in insured savings accounts are regular and the amount of deposits to be expected in any given month can be calculated to a nicety."

In view of the fact that one of the biggest problems of the savings banker is to hold accounts and keep them active, the practical suggestion of adding the insurance feature to an accumulated savings account is an exceedingly worth while one.—*Bulletin of the Savings Banks Association, State of New York.*



Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Clause Authorizing Indefinite Extension of Time Renders Note Non-negotiable

Farmers National Bank of Oskaloosa v.
Stanton, Supreme Court of Iowa,
182 N. W. Rep. 647.

IN order to be negotiable, a note must be payable on demand or a fixed or determinable future time. The note involved in this case contained the following clause: "And we hereby authorize the holder hereof to extend the payment of the same or any part thereof from time to time by reception of interest in advance or otherwise without impairing our several or joint liabilities." It was held that this clause destroyed the negotiability of the note.

The note was signed by the defendants as makers and delivered to the payee corporation in payment for shares of the corporation's capital stock. The plaintiff bank bought the note from the payee before maturity, for value, and without notice that the makers had any defense to it. When the bank sought to enforce the note against the makers, they defended on the ground that the stock for which it was given was worthless and that the note had been obtained from them by fraud. Because of the fact that the note was non-negotiable, this defense was good against the bank, in spite of the fact that the bank was a holder in due course. The bank was, therefore, not entitled to enforce the note. It was also held that the fact that the makers, at the time of delivering the note to the payee, had reason to believe that the payee would sell the note to the plaintiff bank was immaterial and did not prevent the makers from relying on the defense of fraud.

OPINION

Appeal from District Court, Mahaska County; D. W. Hamilton, Judge.
Action at law to recover from de-

fendants the amount alleged to be due to the plaintiff upon a promissory note. Trial to a jury. Verdict and judgment for plaintiff, and defendants appeal. Reversed.

Thos. J. Bray and John E. Lake, both of Oskaloosa, for appellants.

David S. David, Burrell & Devitt, and McCoy & McCoy, all of Oskaloosa, for appellee.

WEAVER, J. The action is brought upon a promissory note for \$5,000 and interest, executed by the defendants and made payable to the order of the Lower System of Merchandising. It bears date of August 28, 1916, and is made payable six months thereafter. Embodied in the instrument is a clause as follows:

"And we hereby authorize the holder hereof to extend the payment of the same or any part thereof from time to time by reception of interest in advance or otherwise without impairing our several or joint liabilities."

Alleging that it is the owner of this note and that the debt is wholly unpaid, the plaintiff bank asks judgment thereon.

Defendants admit the making of the note, but deny all liability thereon. By way of affirmative answer the defendants plead that the note is non-negotiable, is wholly without consideration, and was obtained from them by fraud. They allege that the same was given for 375 shares of the capital stock in a corporation known as the Lower System of Merchandising; that such purchase was made and the note given at the solicitation and by the procurement of Robert Green, W. E. Lower, and G. J. Thomas, officers of said corporation, who falsely represented to the defendants the financial standing and condition of the corporation. They further allege that they believed and relied upon said representations, and in reliance thereon gave the note in suit; that in truth and in fact said corpora-

tion proved to be a mere sham, without capital or assets; and that the shares of stock were absolutely worthless.

Relying to this defense, the plaintiff alleges that it purchased the note in due course for a valuable consideration and without notice of any infirmities therein or of the existence of any defense thereto. It further alleges that defendants made the note knowing that it was to be negotiated to the plaintiff, and with such knowledge assured the plaintiff that the note was all right, and by reason thereof defendants are now estopped to plead or prove the defenses set up in their answer.

The case was tried to a jury, which returned a verdict for plaintiff for the full amount of the note.

Notwithstanding the very extended briefs of counsel on either side, an examination of the record leads us to conclude that the result of this appeal must turn principally upon few propositions. So far as the case depends in any degree on the settlement of disputed facts, the verdict of the jury would seem to be final, and we shall not attempt their discussion. The debatable questions in this court are those arising upon exceptions taken to the court's charge to the jury.

Among other things, the court instructed as follows (paragraph 4):

"You are instructed that the note sued upon, which has been admitted in evidence as Exhibit A, is a non-negotiable note, and that said note is subject to all the defense in the hands of the plaintiff bank that it would have been subject to had suit been brought thereon by the Lower System of Merchandising, the payee named in said note; therefore, if the defendants have established their defense of false and fraudulent representations by a preponderance of the evidence guided by these instructions, then your verdict should be for the defendants, unless you find that the plaintiff has established by a preponderance of the evidence its plea of estoppel, as explained hereafter in these instructions."

Referring again to the plaintiff's plea

of estoppel, the court, in paragraph 10, used the following language:

"If, when you have considered all the evidence in this case and weighed the same in the light of these instructions, you do not find that there was fraud in the inception of the note and that it was wholly without consideration when given by the defendants to the Lower System of Merchandising, then your verdict must be for the plaintiff for the full amount of the note with interest thereon according to the terms of the note.

"But, if you find from a preponderance of the evidence that the note in suit was procured by the Lower System of Merchandising from the defendants by and through fraudulent representations made by Robt. G. Green, W. E. Lower, G. J. Thomas, or some one of them, and that it was wholly without consideration, then your verdict should be for the defendants, unless you further find by a preponderance of the evidence that the plaintiff in good faith purchased the said note for a valuable consideration and that the defendants knew that said note was to be negotiated and consented thereto prior to the time that the plaintiff obtained said note, then you are instructed that, even though you find that said note was obtained from the defendants through fraud and false representations, as claimed by them, they would be estopped from setting up the claim of fraud as a defense to said note in the hands of the plaintiff."

Still further upon the same topic the court again charged (paragraph 19):

"You are instructed that, if you find that the defendants at the time they executed the note in suit knew it was to be transferred to the plaintiff, and if they had reason to believe that the plaintiff was about to purchase said note for a valuable consideration, they must suffer the loss, if any they have sustained thereby, because it is a maxim of the law that when one or two persons must be made to suffer from fraud or misconduct of another that the one who placed it within the power of such persons to perpetrate the fraud or do the

wrong must bear the loss; and the defendants, believing or having reason to believe that their signing of said note would cause the plaintiff to part with a valuable consideration for the same, could not remain silent and now be heard to say that said note was obtained by fraud and without consideration."

To this was added paragraph 20, as follows:

"You are instructed that, if you find from the evidence that at the time of the execution of said note by the defendants that they had knowledge of the fact that said note was to be sold to the plaintiff bank and acquiesced therein, and that at the time of the transfer of said note to the plaintiff bank the cashier of said plaintiff bank was advised that the defendants had notice of the fact that said note was to be sold to said bank, and that the bank, in purchasing said note, relied upon the assurance given to said bank that the defendants acquiesced in the bank purchasing the said note, then and in that event, if you so find from a preponderance of the evidence, the defendants would be estopped from asserting any defense to said note upon the ground of fraud or misrepresentations, and, if you so find, your verdict must be for the plaintiff in the sum of the amount of said note together with interest from the date of execution thereof."

Before entering upon a discussion of the instructions, it may be well to say that the defendants' evidence was such as fairly tended to show that the "Lower System of Merchandising" was a worthless concern, being promoted by men who had taken to themselves more than half its authorized shares of \$100,000, for which they had never paid; that they concentrated their efforts upon the defendants, and by the usual acts and blandishments and persuasions which characterize such enterprises induced them to buy several thousand dollars "worth" of the stock at the specially favorable rate of \$16 per share, when, so far as the record shows, such shares had no value whatever. This is,

of course, not very material if defendants are estopped to defend against suit by the plaintiff, but, if under the law they are not so estopped, then their right to plead and prove the facts ought not to be disregarded.

As will be seen by the first instruction above quoted, the court held that the note is non-negotiable, and in the absence of estoppel is subject to all the defenses in a suit by the bank which would have been available to the defendants had the suit been brought by the Lower System of Merchandising itself. This is undoubtedly correct. We have frequently held that a note containing a condition by which the holder can extend time of payment indefinitely is non-negotiable (*Bank v. Weber*, 180 Iowa 696, 164 N. W. 233, L. R. A. 1918A, 432; *Quinn v. Bane*, 182 Iowa 843, 164 N. W. 788), and, the trial court having so instructed, it was the law of the case for the jury. There is some doubt whether the rule stated in the quoted paragraph is quite consistent with other instructions given in the charge, but its correctness is not open to serious question. It being conceded then, as it must be, that the note is non-negotiable, we reach the vital question whether defendants were in any manner estopped to plead and prove their alleged defense to the suit brought upon such note by the bank as an alleged innocent purchaser? Another pertinent form of the inquiry is whether the court erred in its charge to the jury concerning the law applicable to the pleaded estoppel?

That the maker of a note having a good defense to an action thereon may estop himself to take advantage of it cannot be doubted. But can it be said that the maker of a non-negotiable note is estopped to rely on any defense he may have thereto simply because he knows that the payee taking the note intends to negotiate it, or will negotiate it, or is likely to negotiate it to a third person? We think this must be answered in the negative. Non-negotiable paper is assignable under our statute and practice, and, while the common-law requirement that the assignee of

such paper must sue, if at all, in the name of the payee, thereby opening the door to all defenses which the maker could plead had the paper never changed hands, has been abolished and the assignee may sue in his own name, the maker's right to defend still exists undiminished. The rules pertaining to innocent holders are peculiar to the law of commercial paper, and a non-negotiable instrument is not "commercial paper," and the assignee of it acquires no other or higher right than was held by his assignor. *Tabor v. Foy*, 56 Iowa 542, 9 N. W. 897; *Lutton v. Baker*, 174 N. W. 601, 6 A. L. R. 1696. Every man executing a non-negotiable note does it knowing it may be sold or disposed of to another, and every person buying such paper knows he takes it subject to every defense which would have been available to the maker had it not been negotiated. He owes the world no duty to stand on guard and publish warning to others that he preserves the right to defend against its collection by a transferee if it shall happen that there is ground for such defense. The note itself carries such warning on its face. It may well be that, if the maker of such note, knowing the existence of a good defense, encourages or advises another to purchase it, he may estop himself from making such defense against the suit of one whom he has thus deceived or misled. But surely it cannot be true that the mere fact he "has reason to believe" that the payee of his non-negotiable note intends to sell it or put it up as collateral at the bank will deprive him of his right to defend when sued thereon. It may well be that at the time the note is given the maker has no knowledge or suspicion of the fraud which has been practiced upon him or that he will have any defense to the note when it shall fall due. How, then, can he estop by his silence concerning a motion of which he has no knowledge? The language we have quoted from the tenth paragraph of the charge is especially open to criticism on this ground. There the jury were told "that, if the defendants at the time of making the note knew or had reason

to know that plaintiff was about to purchase it for a valuable consideration, they (defendants) must suffer the loss," because they could not be permitted "to remain silent and now be heard to say the note was obtained by fraud and without consideration." The vice of this instruction is at once apparent when we stop to reflect that it is speaking of the situation at the very moment of the execution of the note, when presumably defendants believed they were receiving value therefor, and had neither knowledge nor suspicion that they were being made the victims of fraud and misrepresentation. How could they justly be held culpable for being "silent" as to facts of which they were ignorant? Was not the very fact that the note was non-negotiable sufficient notice to the bank that in purchasing the same it took the risk of any defense thereto which might have been asserted against it in the hands of the man or men to whom it was given? The idea that an estoppel arose against the defendants on such ground was greatly emphasized by the trial court by its repetition in three or four different forms and in different connections, and the jury, if obedient thereto, could not have done otherwise than find for the plaintiff. The prejudicial character of such misdirection is evident, and a reversal must necessarily result.

The evidence discloses that about the time that the note was given a written agreement between defendants and the Lower System of Merchandising was entered into, for the purchase of the stock, and in specifying the manner of the payment of the price therefor defendants agreed to make and deliver to the seller "their negotiable promissory note for \$5,000," and it is suggested in argument that this undertaking is entitled to weight in determining the rights of the parties to this litigation. We think it immaterial. The note given is confessedly non-negotiable, and the jury were so instructed. Its character as such is in no manner affected by the terms of the other contract, and it is by the law applicable to non-negotiable instruments the case is to be governed.

There is no evidence that plaintiff, before buying the note, made any inquiry of the defendants for information concerning it, or received from the defendants any assurances relating to it. The witness Green, who acted for the merchandising corporation in selling the note to the bank, testified over defendants' objection that in making such sale he informed the cashier, who acted for the bank, that defendants knew of the purpose to cash the note and consented thereto, and, as we understand the record, the cashier claims that he relied upon such information in making the purchase. It is with apparent reference to this testimony that the court in the twentieth paragraph of its charge speaks of the "cashier being advised that defendants had notice of the fact that the note was to be sold to the bank, and that the bank in purchasing the note relied upon the assurance given to said bank that the defendants acquiesced in the bank's purchasing said note." For reasons already sufficiently stated, the mere knowledge or consent or acquiescence of the defendants concerning the purpose of the corporation to sell or of the bank to buy the note could not affect the right of defendants when sued by the bank to assert any defense which would have been available to them if sued by the payee. Moreover, it must be said that the objection to the evidence here referred to should have been sustained, and the testimony excluded as being both incompetent and immaterial.

It is said for the appellee that the jury found there was no fraud in the inception of the note, and that, such being the case, the judgment against defendants must stand. But the record does not show any such finding. There was, it is true, a general verdict for the plaintiff, but this by no means implies a finding that there was no fraud, for under the court's instructions to which we have referred the jury may have believed that such fraud was in fact perpetrated, but, yielding to the erroneous instructions on the question of estoppel, returned their verdict accordingly. There was no special finding or verdict

on the issue of fraud in the inception of the note, and the court cannot say or assume that such issue was found in plaintiff's favor.

The appellant takes many other exceptions to rulings made and instructions given by the trial court. Some of the objections so made are not without merit, but they involve less material features of the case which are not likely to appear on a retrial, and we will not prolong this opinion for their consideration.

For the reasons hereinbefore stated, the judgment below will be reversed, and the cause remanded to the district for a new trial.

Reversed.



Cashier's Check Paid on Forged Indorsement

Farmers Bank and Trust Company v. Farmers State Bank of Brookport,
Supreme Court of Arkansas,
231 S. W. Rep. 7.

The plaintiff bank issued its cashier's check, payable to the order of a customer, and mailed it to the customer in another state. The check never reached the customer, but in some way, fell into the hands of a negro, who forged the payee's indorsement and cashed it at the defendant bank, receiving \$140.85 in money and leaving the balance of \$400 on deposit. The defendant indorsed the check to the order of any bank, banker or trust company, guaranteeing all prior indorsements, and collected it from the plaintiff. Upon the discovery of the fraud, the defendant bank paid over to the plaintiff the \$400 left with it on deposit but refused to pay the \$140.85, the amount which it had paid out upon presentation of the check. In an action by the plaintiff to recover this balance, it was held that the defendant was liable on its guaranty of the indorsement.

OPINION

Appeal from Circuit Court, Mississippi County; R. H. Dudley, Judge.

Action by the Farmers State Bank of Brookport against the Farmers Bank and Trust Company. From judgment for plaintiff, defendant appeals. Affirmed.

WOOD, J. This cause was submitted to the trial court, sitting as a jury upon an agreed statement of facts, as follows:

On or about December 1, 1919, J. W. Neely, a former citizen and resident of Brookport, Ill., and a patron of the Farmers State Bank, the plaintiff herein, emigrated to Arkansas, and located near Blytheville, his correct post office address being "Blytheville, Ark., R. F. D. No. 1." Before leaving Illinois, he had disposed of some property there, and on the 4th day of December, 1919, the plaintiff bank issued its cashier's check, payable to J. W. Neely, for the sum of \$540.85, which was put in the mail properly addressed to him at Blytheville, Ark., R. F. D. No. 1. The check never reached the person for whom it was intended, but was presented to defendant bank between December 4 and 13, 1919, by a person, a negro, who represented himself to be J. W. Neely, and who indorsed the name "J. W. Neely" upon said check, without the consent or authority of the person for whom said check was intended. That the person presenting said check received from the defendant bank the sum of \$140.85 in cash, and left the balance of \$400 on deposit in said bank to the credit of J. W. Neely. That after receiving said check as above, the defendant bank indorsed said check on the back, as follows:

"Pay to the order of any bank, banker, or trust company, all prior indorsements guaranteed. Farmers Bank and Trust Company, Blytheville, Arkansas, H. E. Barnett, cashier."

Defendant bank then transmitted same to plaintiff bank for payment, which was made on December 13, 1919. Upon learning that said check had not reached the hands for which it was intended, the defendant bank paid over the \$400 left on deposit to plaintiff bank, but refused to pay over the sum of \$140.85, the amount paid upon pre-

sentation of said check; and this suit is by plaintiff bank to recover that sum.

It is further agreed that, upon receipt of information that the party for whom the said check was intended had never received same, plaintiff bank immediately wrote defendant bank, advising it that said indorsement was a forgery, but that said letter was not received by defendant bank, and that plaintiff bank had paid to the person who purchased said cashier's check the amount represented thereby.

The finding and judgment of the court was in favor of the appellee, from which is this appeal.

Learned counsel for appellant rely upon the case of *State Bank v. Cumberland Savings and Trust Company*, 168 N. C. 605, 85 S. E. 5, L. R. A. 1915D, 1138; *Bank of St. Albans v. Farmers and Mechanics Bank*, 10 Vt. 141, 33 Am. Dec. 188.

The first of the above cases is comparatively recent, the opinion having been rendered by the Supreme Court of North Carolina in 1915. The facts and the law announced as applicable thereto, reported in the syllabus to that case in 168 N. C. 605, 85 S. E. 5, L. R. A. 1915D, 1138, are as follows:

"Plaintiff bank, which, in the course of business, received through another bank a check purporting to be drawn on it, and indorsed by a third person, whose signatures were both forged, and which had been cashed by defendant bank, in reliance upon the indorsement, 'All prior indorsements guaranteed,' and the custom to take such checks relying upon the exercise of due diligence on the part of the bank first cashing it, could not recover the amount paid on the forged check, as it should know the signature of the drawer, its own depositor."

This doctrine has no application to the fact of this record. Here its cashier's check made the appellee both the drawer and the drawee. In this case the drawee was not required to know the signatures of the indorsers. To apply the doctrine of *State Bank v. Cumberland Savings and Trust Company*, supra, to the facts of this record

would be to ignore a wholesome principle of natural justice and equity which has also been thoroughly established as a rule of law, to wit: That, as between two innocent parties to a transaction which must result in financial loss, the loss must fall upon that one whose acts contributed most to produce it. The principle is well expressed in the case of *Danvers Bank v. Salem Bank*, 151 Mass. 280, 24 N.E. 44, 21 Am. St. Rep. 450, as follows:

"Where a loss which must be borne by one of two parties alike innocent of the forgery can be traced to the neglect or fault of either, it is reasonable that it should be borne by him, even if innocent of any intentional fraud, through whose means it has succeeded. * * * To entitle the holder to retain money obtained by a forgery, he should be able to maintain that the whole responsibility of determining the validity of the signature was placed upon the drawee, and that the vigilance of the drawee was not lessened, and that he was not lulled into a false security by any disregard of duty on his own part, or by the failure of any precautions which, from his implied assertion in presenting the check as a sufficient voucher, the drawee had a right to believe he had taken. * * * When this check was forwarded by the defendant for redemption, the plaintiff was without the means it would have had if it had been presented at its own counter of ascertaining the character of the person offering it. It had a right to believe that the defendant, in cashing a check purporting to be drawn by one not its own customer, or entitled to draw upon it, had by the usual and proper investigation satisfied itself of its authenticity. The indorsement, which was not necessary to the transfer of the check, was a guaranty of the signature of the drawee, and the plaintiff had a right to believe that the indorser was known to the defendant by proper inquiry."

See, also, *People's Bank v. Franklin Bank*, 88 Tenn. 299, 12 S.W. 716, 6 L. R. A. 724, 17 Am. St. Rep. 884; *Farmers National Bank of Augusta v. Farmers and Traders Bank of Mays-*

ville, 159 Ky. 141, 166 S. W. 986, L. R. A. 1915A, 77; *Cureton v. Farmers State Bank*, 227 S. W. 423.

The rule invoked by appellant is an exception to the rule that money which has been paid through a mistake can generally be recovered. This exception is mentioned by Judge Riddick, speaking for the court in *LaFayette v. Merchants Bank*, 73 Ark. 561, 566, 84 S. W. 700, 68 L. R. A. 231, 108 Am. St. Rep. 71. This exceptional rule, however, as held in the case of *Farmers National Bank of Augusta v. Farmers and Traders Bank of Maysville*, *supra*, does not—

"require the drawee bank to know the signature of an indorser; that burden is upon the holder, who is bound to know that the previous indorsements, including that of the payee, are in the handwriting of the parties whose names appear upon the check, or were duly authorized by them."

In *First National Bank v. Northwestern National Bank*, 152 Ill. 296, 38 N. E. 739, 26 L. R. A. 289, 43 Am. St. Rep. 247, it is held (quoting syllabus):

"A bank indorsing and collecting a check warrants the genuineness of all the pre-existing indorsements thereon, including the indorsement of the respective payees named in such check, and is answerable for moneys received by it if any of such indorsements are forgeries."

In the case of *Shaap v. First National Bank of Ft. Smith*, 137 Ark. 251, 208 S. W. 309, we said:

"In other words, the true owner of a check with a forged or unauthorized indorsement may ratify the act of a bank in receiving it in that condition, and collecting the proceeds or paying them out without authority, and yet not ratify the forged or unauthorized indorsement. In such cases, the bank cannot avoid liability by showing that its conduct was governed by good faith, and the payee is entitled to recover unless he has been guilty of fraud or negligence in the matter."

The facts of this record show that the appellee was not guilty of any fraud, and if it could be said to be in the least negligent, its negligence in a measure was superinduced by the indorsement of the appellant, which was calculated to lull the appellee into a

sense of security in reliance upon such indorsement, and thereby lessened the diligence which it doubtless otherwise would have exercised.

It follows that the rulings of the circuit court are in all things correct, and its judgment is therefore affirmed.



What is Wrong With the American Discount Market?

THE *Acceptance Bulletin*, published by the American Acceptance Council, has made an investigation to ascertain to what extent the volume of bank and bankers acceptances outstanding in this country is being maintained. The situation reveals a very substantial shrinkage in the volume of bills outstanding on April 1, 1921, as compared with April 1, 1921. Commenting on this situation the bulletin says:

To be specific, there were outstanding in April 1 last, \$664,092,118.79 bank and bankers acceptances against \$799,001,237.42 on the same date in the previous year, a decline of eighteen per cent. New York banking institutions and firms had outstanding \$445,938,585.24 against \$446,748,184.01, an inconsequential decline of only two per cent. but the rest of the country showed a shrinkage of forty-one per cent. The acceptances of banks outside of New York City being only \$218,158,528.55 compared with \$352,253,053.40 on April 1, 1920.

These figures surely leave much to be desired, and clearly indicate that as an accepting nation we are falling far short of the progress we should have made. Instead of progressing we are, indeed, retrograding.

The statistics on their face might be regarded with complacency on the theory that in reality there had been no decline in the volume of commerce financed under dollar credits; that the fall in commodity prices has made it possible to finance a much larger turn-over of goods with the same or a less amount of credit instruments. And that is true. But it is true only in part as an explanation of the heavy falling off in the volume of acceptances created.

Inquiry among international bankers discloses that two items represent a large proportion of the acceptances now outstanding; namely credits covering sugar and those granted for the creation of dollar exchange. If these two items, which did not figure largely a year ago, were eliminated, the resulting volume would present distressing evidence of our failure to hold the ground we had gained in financing foreign trade.

That we have gone backward instead of forward is, moreover, closely shown by information in our possession that the amount of dollar acceptances currently issued by certain widely known international bankers has fallen off about two-thirds, while sterling credits granted by the same bankers have reached the highest level in their experience.

If this continues, what is to become of the American Discount Market? It could not survive unless bills are created in large volume by American banks and bankers. And if they are already beginning to feel the inroads of competition from foreign commercial credits, what may be expected for the future when the European bankers have fully rehabilitated themselves so that they may go after world business as in pre-war days?

Notwithstanding the fact that a natural decrease in both volume and number of bills is to be expected by reason of the very large falling off in our import and export business and by the drop in commodity prices, the truth of the matter is, we are suffering from technicalities in our regulations prescribed covering the eligibility of bills for purchase by Federal Reserve banks which our foreign customers cannot understand and which are driving them away from dollar credits and inducing them to go back to sterling credits, now that they are beginning to be more freely available.

The Federal Reserve Board has recently

made a helpful and progressive move in making six months' bills eligible for purchase by Federal Reserve banks. It is to be hoped that that body may investigate the dollar credits situation thoroughly with

a view to determining if it would not be possible to eliminate certain features of the present regulations which appear to be hampering American acceptances as a medium of financing our foreign trade.



Trust Departments in Banks

IN an address before the New York Bankers Association Edwin Gibbs, trust officer of the Chemical National Bank of New York stated that he believed that with very few exceptions the trust companies had come to



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EDWIN GIBBS

Trust Officer Chemical National Bank of New York

regard what they first looked upon as an unwarranted invasion of their legitimate field of endeavor by the state and national banks as a natural extension of the activities of a corporate fiduciary.

In discussing the organization of the trust department Mr. Gibbs said:

The question which most concerns us at this juncture is the organization of our new department which, needless to say, is a matter to which our boards of directors should give careful attention and study. The first step in organizing the new department is naturally the selection of a competent head and there are to be found in our trust companies men whose experience has covered a wide enough range of fiduciary activities to qualify them to establish all of the sub-departments required, and to train carefully chosen assistants to handle efficiently the various branches of the work. It is for material of this character that our banks have been searching, and I think it will be found that most of the new trust departments have been organized by securing as a nucleus for the working force, a trust officer possessing such qualifications. In choosing the head of the department, it is preferable, if not desirable that he should have received his training and experience in the same locality or state to which his activities will be mainly confined. The reason for this is obvious as the laws and practices of the various states differ greatly and aside from this, there is a considerable diversity in the character of the service performed in the various states; it would take some little time for a stranger to our practice to become sufficiently familiar with our methods of handling the business to enable him to direct the work of the new department with any degree of confidence. The need for at least one member of the department to be entirely familiar with trust department methods is imperative as its activities are a sealed book to the employee with the usual bank training. The average bank officer is inclined to be rather sceptical regarding what he looks upon as an endeavor by experienced trust men to set themselves up as superior beings; the fact remains that he has little or no conception of the tremendous amount of necessary detail involved in the operation of a well managed trust department and he judges by the volume of business rather than the quality of the work and all too frequently looks with growing impatience on the slow and laborious growth of the department.

For purposes of organization the department may be divided into two separate and

distinct divisions: The personal trust and the corporate trust divisions, and each one subdivided as the volume of business may warrant. One has but to scan the very interesting schedule of fees promulgated by the fees committee of the trust company section of the American Bankers Association to realize how large an organization may be necessary, and I think you will agree, that the necessity of declining business by reason of inability to handle it, constitutes the poorest kind of an advertisement by a trust department. While the organization of the corporate trust division may be delayed, it is most essential that the department should be prepared at once to handle practically all branches of the personal trust business as the mere announcement of the opening of a trust department carries with it responsibilities which cannot be ignored. Thus it may be called upon at any moment to qualify as executor or administrator of an estate so diversified as to assets that all of the subdivisions of the personal trust division must begin to function immediately.

The question of organization naturally brings up that of the physical needs of the department, and in this connection it cannot be repeated with too much emphasis that our banking institutions which intend to make a real effort to establish successful trust departments (and there should be no other) must be willing to make the investment which is so vitally necessary to the

establishment of any successful business, particularly one in which the respect and confidence of its patrons is so important a factor. Our banks should profit by the experience of the trust companies, many of which have come to the realization that too little attention has been paid in the past to the needs and requirements of their trust departments; and that the ever-increasing volume of trust business, while not necessarily a brilliant performer in the matter of earnings, is a sheet anchor to the windward and if handled with good judgment and a strict regard for the statutory requirements, a producer of no losses but of a reasonable and ever-increasing profit.

The question of locating the department is one which has given much concern especially in the larger cities where the phenomenal growth of business during the war has created a crowded condition in our banking quarters which hardly permitted of any generosity in allotting space to a new department; nevertheless, it is most essential that the surroundings should be dignified and attractive (the less ostentatious, the better) and have the appearance of stability and permanence. The psychological effect on the prospective client who is received in some obscure corner of the bank in what is obviously only a makeshift, is something to be avoided if possible, and it is often better for the future of the department to delay its installation until suitable accommodations can be provided.



Segregation or Mutual Banks Only?*

ONE of the most perplexing questions before the bank commissioner of Massachusetts in the liquidation of the four suspended trust companies is the interpretation of the law requiring the segregation of the assets of savings departments of trust companies.

SEGREGATION LAW

Some years ago, at the instance of the then bank commissioner, now chairman of the Federal Reserve Bank of New York, the Massachusetts legislature voted to segregate the assets of savings departments of trust companies. The deposits in such departments were to be invested in strict obedience to the same code of law which governs investments of Massachusetts savings banks,

and, in the event of liquidations, all of these assets were to be applied to paying off the savings deposits in full, only the remainder to be used for payments to other depositors. In the case of these suspended trust companies, there is no remainder. On the contrary, the savings depositors will receive less than 100 cents per dollar of deposits, except as the remainder is made good from the assets in the commercial department.

LAW INDISTINCT

Now comes a perplexity. Shall the funds of the commercial department be used to complete the payment of the savings deposits in full, or must the sav-

*From the Bulletin of the Savings Banks Association, State of New York.

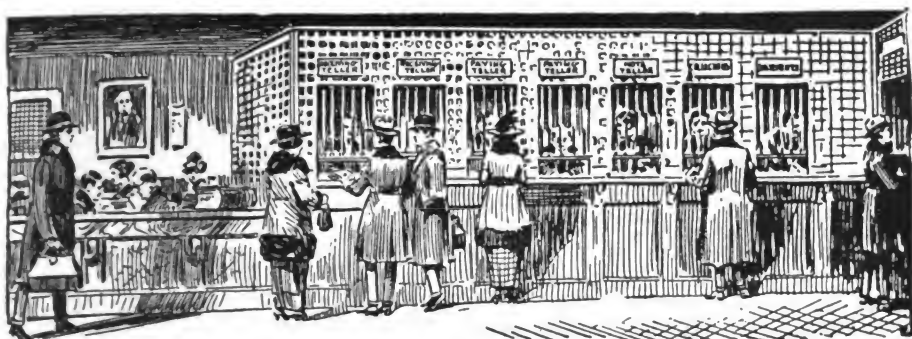
ings depositors take pot luck with the commercial depositors, in the distribution of those funds? Anyone can see how serious is this question. If the savings depositors have received sixty cents on the dollar, from the segregated assets of their department, and if there is only enough sound value, in the assets of the commercial department, to pay fifty cents on the dollar, shall the savings depositors take pot luck, and get only fifty per cent. of the remaining forty cents due them, or must the entire forty cents be paid them? If the entire amount must be made up, then the commercial depositors will fare slim indeed. Of course, the problem is not one of abstract justice but one of law. Unfortunately, the law is not distinct on the matter. The best of legal minds, including the attorney general, whom the bank commissioner has consulted do not agree on the interpretation of the statute. Even the judge, to whom the bank commissioner applies for approval of his orders, is unwilling to rule on the case, and feels that it should be passed upon by the entire Supreme Court. Consequently, the savings depositors of the suspended trust companies have their reasons for anxiety, as to just how much they will receive from the liquidations, and the commercial depositors have even greater ground for anxiety, because they cannot know how much of the assets of the commercial department must be used, to make good the shortage in the savings department.

PROPOSED ABOLITION OF SAVINGS DEPARTMENTS

In this connection, an interesting discussion has broken out afresh in Massachusetts, whether trust companies would better not be forbidden by statute to receive savings deposits at all. The *United States Investor* comments on the situation as follows: "The fact seems abundantly demonstrated, that those who conducted these suspended trust companies, and in fact, that a number of other trust company officials, have always regarded their savings de-

partments in a quite different light, from that which the legislature intended. The legislature plainly expected that savings departments would be handled with the same concern for the safety of the principal of the deposits that characterizes the conduct of savings banks and that about the only difference between savings banks and savings departments of trust companies would be this: that savings departments would be conducted for the gain of stockholders, and therefore perhaps more aggressively, while savings banks are conducted as philanthropic trusts and therefore, perhaps, with less vigor. Contrary to any such expectation, the heads of the suspended trust companies, and of some other trust companies, have had none of the spirit of savings bank management, and have seemed to bend their energies more toward finding how far the investment law can be stretched than toward discovering and acting upon the spirit that underlies that law. Hence some extremely poor paper has been taken into the investments of savings departments.

"Therefore, some are looking back with approval to the days when Governor Crane persuaded the legislature to forbid savings banks to share their quarters or even to have officers in common with national banks, his idea being that commercial and savings banking cannot be safely conducted under a single roof by the same group. Is there need that the example of those days shall now be emulated, and the trust companies be compelled to select which function they shall abandon, commercial or savings banking? There is a question that a special committee, now codifying and revising the banking laws of Massachusetts, may well consider. They must straighten out the law about savings departments, anyway, so that the bank commissioner may know what to do, when the segregated assets are insufficient to satisfy the savings deposits. While they are about it, might they not give thought to the idea of abolishing savings departments entirely, and of turning this kind of banking over entirely to the savings banks?



Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

I NOTICE that a lot of banks are issuing these monthly letters.

Some of them are merely single-sheet letters and others are more pretentious pamphlets. But whatever form they take I must say that I like them, particularly where the letters deal with business conditions in the immediate locality in which most of the customers of the bank operate. I believe these letters and pamphlets are mighty valuable to the public, and if this is true, it is obvious that they must prove mighty valuable to the bank.

◎

I was in a bank the other day when a customer came in feeling sore over what he claimed was a mistake which the bank had made in his account. What is more, he proved his point. What pleased me most, however, was the attitude of the bank officer with whom the customer was talking. He didn't take the "infallible" attitude that was so common in banks only a few short years ago. He was mighty nice about it, looked the matter up quickly, acknowledged the bank's error frankly, apologized for the annoyance which had been caused and sent the customer out feeling happy and satisfied.

◎

In the course of a conversation which I had recently with the advertising director of a large bank the latter said: "It is surprising how many of the routine functions of a modern bank are entirely unknown to large numbers of its customers and to the outside pub-

lic." I asked him why he didn't do something about it through his advertising and he told me that that was just what he was planning to do. I find that the trouble is with many bankers that they consider such things as too elementary to spend real money on, but I think they're wrong.

◎

I've often wondered why it is that banks don't make more' out of the printing of their routine "statements of condition." They make them up in the driest possible form—perhaps they are required to make 'em up that way—but why not print along with the "legal" figures some comparative figures or a few brief words to explain or amplify this or that item? In their routine form I never could see how these statements could be of any possible interest beyond the man who writes 'em, the compositor who sets 'em up and the proof-reader.

◎

A great many banks have special departments for the convenience of their women customers. I notice, however, that, more and more, the women are transacting their business out in the general departments.

◎

The safe-guarding of the Liberty bond has brought a great many new customers to the safe-deposit departments. In many banks this department has graduated from a "side issue" to a very profitable main issue.



Speeding the passage to markets overseas

THERE WAS A GOLDEN ERA when our swift clipper ships were acknowledged by all nations as the pacemakers of international commerce—ships built, owned, chartered and sailed by splendid types of American manhood.

The descendants of these men upheld the glory of fine marine traditions during pre-war days when our national colors nearly vanished from the seas for lack of federal support. To them must go much credit for developing the Port of Boston to its present high efficiency.



Special inquiries concerning Boston Port facilities are cordially invited.

Benjamin T. Reed, first president of The Warren Bank, which afterwards became The National Shawmut Bank, was secretary of the citizens' committee which successfully solicited Samuel Cunard in 1839 to establish Boston as a terminal for his projected trans-Atlantic steamship line. Since that year, The National Shawmut Bank has been a leader in many movements to improve the port facilities and expedite the handling of merchandise.

Ten hours closer to Europe than is New York; one of the finest harbors in the world, berth space at piers for forty large ocean steamers; ample storage and mechanical devices; three important railroads with freight terminals at deep water—these are among the many advantages of the Port of Boston. Another is the very comprehensive service this bank furnishes to exporters, importers and shipping interests wherever located.

THE NATIONAL SHAWMUT BANK of BOSTON

Resources exceed \$200,000,000

Banking Publicity

Special Section of The Bankers Magazine

AUGUST 1921

Words Of Wisdom From The F. A. A.

THE ATLANTA CONVENTION of the Financial Advertisers' Association was the most successful yet held. These annual meetings of the progressive bank advertisers of the country afford an opportunity not only for the cultivation of pleasant associations but for the exchange of helpful ideas for building the business of banks. For those who were unable to attend we reproduce the following extracts from some of the speeches:

NEWSPAPERS AS A MEDIUM

G. Prather Knapp, of the Mississippi Valley Trust Company, St. Louis, was honored by the financial division of the advertising convention by having his talk selected for delivery before the general session of the convention. Each department was called upon to select the most interesting address of its session for repetition. He said in part:

It is probably safe to say that the ordinary financial advertiser could dispense with all other mediums of publicity combined more easily than the daily newspaper.

The financial advertiser who does not use newspaper advertising is practically non-existent and I am here to plead for a more intensive study of a medium which I believe some of us are prone to take for granted. I think we should study every department of the newspapers in our communities and shape our newspaper advertising policies accordingly.

Take the circulation department: Of two newspapers which have the same or nearly the same circulation, one may be a far better medium for financial advertising than the other and a mere knowledge of the quantity of the circulation offered is evidently not sufficient. First of all, where is that circulation? Second, what is it? Third, how was it secured? Fourth, how is it held? Fifth, how much of it is responsive to advertising appeal?

Narrowing the question down to that part of the circulation which is localized in your community there is undoubtedly a difference between the kind of people who read one newspaper and the kind who read another. Moreover there is a difference between the responsiveness of the same reader to advertising in different newspapers. This question of class is very difficult to decide upon and very likely to be the basis of unfounded claims by the publication and prejudiced guesses by the advertiser.

It brings me to the most important phase of my subject: The effect of a newspaper's editorial policy on its utility to an advertising bank.

Suppose we look at newspapers that ask us for advertising in the same way that we would look at competing restaurants in which we were offered an opportunity to address a few remarks on our business to the gathering of diners. Would we choose the con-

servative quiet place, noted for its good food and its quiet assembly of hungry patrons or would we choose the glittering lobster palace just across the street, where food was of little consequence and where the patronage was gained by a jazz orchestra, a blind tiger and a Mack Sennett cabaret?

The proprietor of the lobster palace would probably offer us a larger audience. He could probably prove his patrons spend a longer time in his place than the patrons of the quiet restaurant for business men across the street from him. He would answer any criticisms of his orchestra, his refreshments and his dancing girls by saying that he exists not to change human nature but to give it what it wants. He would say the very same things about his restaurant that the publisher of the sensational newspaper says about his advertising medium but we would not hesitate very long in deciding which restaurant we would prefer as a place to make

(Continued on page 251)

JAMES J. HILL the great financier, said—

"You can easily find out whether you are going to be a success or failure in life. Are you able to save money? If not, drop out. The seed of success is not in you."

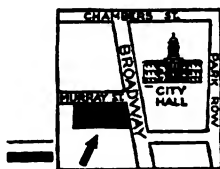
SUCCESSFUL men of middle life need to be reminded of this. They cannot imagine going down hill instead of continuing up. Half of life is over, the best is here.

The Importers and Traders National Bank has seen many failures caused by lack of sound, cooperative advice during this "dangerous age."

Having had success, men are apt to increase their personal expenses to indulge their tastes. A man's whole future depends upon his level-headedness at this time.

The Importers and Traders National Bank can help him in many ways.

Capital, Surplus and Undivided Profits, \$10,000,000



THE
IMPORTERS & TRADERS
NATIONAL BANK
OF NEW YORK

247 Broadway Opposite City Hall

One of a series now being used in the New York newspapers. Each advertisement takes as its text a quotation from some well-known American.

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

AUGUST 1921

TWO strong arguments in favor of outdoor advertising for banks are these—It enables you to reach a particular class with a minimum of waste circulation; it bridges the gap between home or office reading and the place where the advertised banking service is to be rendered.

“How MUCH does it cost to advertise?” is a question often asked by prospective advertisers. They might with equal profit ask “How much does it cost *not* to advertise?” Starting your institution was an investment. Advertising it is an investment. Advertising “costs” you nothing because it gets more business for you and more profits.

BANK ADVERTISERS ought to know something about printing inks because everyone uses them extensively and pays out good money for them whether it is realized or not. Maybe you think this is something to be left safely to the printer, but perhaps we could make them work better for us if we knew their possibilities and limitations. For instance, do you know that for a rush printing job, where quick-

drying inks are required, some kinds of paper cannot be used satisfactorily? Ask the printer's ink manufacturers for some of their helpful free literature.

A SAVINGS BANK man in Brooklyn suggests that a primer be printed on the flyleaves of every pass book telling the ways, hows and wherefores of banking, so that the depositor could understand. This is all right to advertise wherever you can, but a separate booklet would give you more room to tell your story and attract more attention.

A PROMINENT firm of construction engineers emphasizes the advertising value of good architecture. It says:

“A building stands as the material expression of an ideal. It embodies imagination, the courage to do a new thing, the ability to express the spirit of an organization in brick and stone—and the vision to make a building more than just so many square feet of floor space.

“The public takes pride in such a building. And so good architecture proves its advertising value.

“Your new building can turn to your advantage the advertising value of good architecture. It can bring you production efficiency—the profitable result of engineering skill. It will em-

body in its physical form the intangible understanding of business and commercial conditions that will make it fit the needs of tomorrow as well as those of today.”

INTERVIEWED by a reporter for the Wall Street Journal, a bank president is quoted as saying:

“I have just persuaded my directors not to impose a charge on small drawing accounts. In my thirty years' experience I have always found that the thrifty and businesslike habit of a man transacting financial affairs through a bank tends to grow and that small customers become large ones. I have no hesitation in saying that it would have paid the various banks with which I have been associated to give a commission for small business introduced equivalent to the whole of the original deposit. Some of our best customers were small depositors once and did not then expect to be anything more.”

Some advertising talking points are contained in this paragraph.

COPY IS THE BIG THING in advertising. The right kind of copy—copy that sells services in the way that best suits the advertiser's requirements—will overcome many other defects. It can bring a certain measure of success even though much else is wrong.

Words of Wisdom from the F. A. A.

(Continued from page 249)

a four-minute speech about our banks.

Therefore we are not old fogies or reactionaries when we apply the same test, with the same result, to the conservative newspaper. It is all very well to say that the people demand sensational news and entertainment features in a newspaper. Perhaps they do, but the successful newspaper, from our angle is the one which fills another demand—the demand for the solid food of clean news, constructive editorials and useful information.

We do not seek in any way to purchase editorial assistance through advertising, because the newspaper which can be bought, at any price however high or low, is not worth buying. But we do prefer and we are entitled to prefer the newspaper which appeals to the kind of people we want for customers and which appeals in them to the feelings and aspirations to which our advertising appeals. We do feel that in preferring such a newspaper, increasing its revenue and enhancing its prestige, we are doing, not the newspaper, but our banks and our communities a definite service.

There is a definite opportunity for public service in closer relations between bankers and newspaper men. Far from being a different sort of people they are a very similar sort. Vanderbilt, Stedman, Sisson, Ellsworth—here are four examples of writer-bankers, men whose qualities won success in both fields.

Bankers and newspaper men are just the sort of people who can and should get together. Get to know the editors and reporters who find and serve up the news which makes your advertising valuable—and see if you do not agree with me.

Get away, if you can, from the feeling that a newspaper is an impersonal engine and that all you can do with it is hook one sort of advertising freight or another to its coupling bar. Get to know the engineer.

PROGRESS OF THE ASSOCIATION

Lloyd M. Mattson, of Omaha, president of the association, and vice-president of the Corn Exchange National Bank of Omaha:

The last year has been an eventful year for all of us who have been assigned the duty of carrying on the work of the association. We can all look back with a great deal of pride and satisfaction at the ground gained, and at the solid basis on which the association now finds itself.

Under the direction of Mr. Morgan there has been worked out a definite schedule for our bulletin and for the portfolios. Once each month each one of these comes to our desks with unvarying reg-

An interesting typographical arrangement of investment offerings by the Second Ward Securities Company of Milwaukee.

ularity, one around the first, the other around the fifteenth. Both are full of ideas that cannot but help be worth while to all of us. I think that you have noticed that your correspondence, when directed toward St. Louis, has been answered very promptly and right to the point. In a word our central office has been fully developed to carry out the original idea of its origin and continued existence. I cannot say enough for the careful work and number of things accomplished by Mr. Morgan, as our secretary.

MAKE THRIFT ATTRACTIVE

Miss Minnie A. Buzbee, manager of advertising for the American Bank of Commerce and Trust Company, Little Rock, Ark:

Human nature is a queer thing. All of us, whether children or grown, have our full share of that characteristic. Whether it is the ten-year-old boy who has to be forced into eating whole-wheat bread and prunes when he wants two heaped-up dishes of ice cream and plenty of rich cake; or the girl who is made to go to church when she is crazy to go for a long ride with her latest beau; or the grown man who has to be urged and coaxed and persuaded to lay aside a little of his money for old age and the rainy day when he would much rather follow his inclination and spend it all for a good time as he goes along—we are all very much alike.

But sometimes the whole-wheat bread is made into pudding, with raisins and a custard sauce and the little boy decides he likes it and asks for more. So if we want to get the people of our community to fight for a place in line before our savings windows, we shall have to make the game of savings very attractive to them.

The International Correspondence School puts out some very attractive advertisements, always showing the results to be had

from taking their courses. They never list the many books or tell you how sleepy and dead tired you will get before you stop your lesson for the night, or how many weeks or months or years it will take to finish a course; but they show the bookkeeper promoted to manager, the young man rushing into the simple home and saying to his wife "A \$50 raise this month. Now you can have the new dress you wanted." And we are told that they report an exceedingly large number of enrollments as a result of these advertisements.

The first thing to do is to ascertain where we are to look for our savings customers. And the answer would be—first among those who are not savers. And that just about means everybody.

A man may be one of your best customers, he may do a profitable checking business, buy bonds, rent a safe deposit box, leave his rental property in your hands, patronize your collection, real estate, foreign exchange and other departments, but he is not a 100 per cent. customer unless his wife and all his children have savings accounts. And through him, or some other way, we want to get their accounts.

MAKING USE OF ALL MEDIUMS

A. C. Fletcher of the American Surety and Trust Company, of Washington, D. C.:

The principal mediums employed by the American Surety and Trust Company at the present time are newspapers, posters, and street cars, and it was decided to tie up our advertising in these mediums at the beginning of each month. There appears on the first day of the month, in front of our main building, one of these most attractive posters, and a copy of the same reproduced in colors at each of our three branches. The street cars of the city carry a card worked around the same painting as the poster lithographed in color and the copy is varied slightly to fit the new medium. The third and last tie up

comes through the use of newspapers, and the same picture is redrawn to suit this form, illustrating the first advertisement in the month, thus tying up all of our advertising. The copy is modified to suit the various mediums, but carries the same general message and serves to bring the company's advertising to the attention of the public in a harmonious way.

We appreciate very much that a great deal can be done through two additional forms of advertising, that is, the direct-by-mail and the bulletin board. The former we have used in a limited way and secured excellent results, and it is our hope to use the latter in the near future as we realize the good work that it has accomplished, but the budget of our company does not permit the use of any more mediums at the present time.

We find that we attract much attention by presenting our services through a series of illustrations, rich in color and human interest. The artistic value of the poster prevents it from becoming tiresome by repetition, and repetition serves only to strengthen the force of the message. Thus the whole campaign gains momentum as it progresses.

ADVERTISING AGAINST PESSIMISM

D. D. Bailey, of the First National Bank of Tulsa, Okla.:

The best advertisement I ever wrote was published in February, of this year, at the time when prices were declining, factories in some cities were closing and conditions were unsettled. It was published to counteract, so far as possible, the feeling that the country was going to the dogs, and had nothing whatever to do with banking. Banking was not mentioned and we solicited no business. It was a community advertisement, pure and simple, and therein, I feel sure, lies the secret of its power.

In every crisis people want to know what the banker thinks. We had numerous calls from business men as well as private individuals who wanted to know what was going to happen. They wanted a banker's opinion, and we gave it to them in an eight-column, eighteen-inch ad under the heading LET'S BE DONE WITH PESSIMISM. The theme of this ad is that the country is going through a period of readjustment of living costs, prices and wages and that the period of prosperity would return only when the people willed it. The ad then outlines how merchants can help, advising that merchants must accept their inevitable losses due to the drop in the raw material market, reduce prices in accordance with replacements costs, and tell the people that this has been done. To manufacturers we stated that they owed it to the public to keep their plants in operation if at all possible, taking their share of the losses if need be, in order that people might not

be thrown out of work, thus still further reducing the buying power of this country. We advised the public that it must "close its ears to idle rumors, pessimistic talk and unfounded accusations." We pointed out that the merchants and manufacturers were taking their share of the burden and that the public must bear with them.

This advertisement appeared on Sunday. As I came to the bank Monday morning, three business men stopped me, commending me as the bank's representative, for the advertisement of the day before.

I have written many ads which have produced more in actual money than this one. I published one ad on buried money which brought \$1,100 from a negro at Sand Springs, a suburb of Tulsa where the money had been buried. I published an ad on savings, stressing the point that the money was instantly available if needed, which brought \$2,400 from two traveling men, stopping at the Tulsa Hotel, before ten o'clock the next morning. I could recount numerous other instances where we secured actual cash. But the ad to which I refer paid better than any advertisement we have ever published, because it created good will—the intangible asset—which, in the analysis, is the aim of a vast majority of our advertising.

LINKING ADVERTISING WITH COMMUNITY EVENTS

The best bank advertisements are often those which in some manner link closely with community events of importance or significance. Miss Percy Garner, of the Wachovia Bank and Trust Company, of Winston-Salem, N. C., told how she had prepared an advertisement, which was set in a beautiful manner by the local newspapers, commemorating the Easter service of the Moravian Church, which is strong in that community. This Easter service is one of the most impressive ceremonies of the year, and the advertisement was so arranged that the initial letters of the paragraphs spelled the word "WELCOME." As the success of the advertisement, she said:

Favorable attention and goodwill are two valuable assets that every financial institution wishes to have and to hold. We believe that our Easter advertisement created in the 3,000 Moravians, to whom the Easter services of their church mean so much, an even more friendly feeling towards our institution than already existed.

The good-will of the thousands of visitors in Winston-Salem as well as residents of the city, was gained, and favorable attention was drawn to the Wachovia Bank and Trust Company through this advertisement. Extra sale of our local papers and comments and even compliments heard, gave us assurance that our "WELCOME" announcement had its desired effect.

HOW A NEW PASS BOOK INCREASED BUSINESS

To help employees make a campaign for new accounts more effective, the National Bank of Kentucky, of Louisville, used a beautiful and somewhat expensive pass book with excellent effect. F. C. Adams told of his experience in an address before the financial division of the advertising convention. In part, he said:

While bank publicity is considered unusually cumulative—by too many entirely cumulative—it is occasionally possible to show unusual results following the insertion of a particular piece of copy.

An advertisement was inserted in the Louisville papers by my institution on Sunday, December 5, calling attention to an entirely new feature in our savings department supplies. On the following day, 225 new savings accounts were opened, asking for this particular attraction. This looks like pretty good results from an ad—we thought so—but the ad wasn't given credit for doing all the work—the factor given the biggest credit was the employees of the bank.

It was the beginning of our second new account contest which had been announced to our employees on Saturday, December 4. The results of our first new account contest had shown that employees had rather a difficult time securing accounts without anything to which to tie their arguments.

It was a splendid savings pass book of pressed leather, inlaid with a hand tooled appearance—costing approximately \$1. This pass book was so genuinely good looking that the average person was tempted to open a savings account to obtain one.

The campaign began December 5 and closed January 15 and 3,000 savings accounts were secured, showing balances that averaged \$36. This was satisfactory indeed considering the circumstances. Four banks had just raised interest rates and were offering four per cent. Our bank paid three per cent. Eight banks were carrying on big advertising campaigns. During the month and a half this book was offered, between 350,000 and 400,000 lines of advertising appeared. With-

out question, it was the heaviest thrift advertising that ever appeared in any city at any time.

Our campaign appeared daily and was figured heavy enough to saturate, that is, to appear so often and in such sized space that anyone who read the papers consistently couldn't be unaware that an effort was being made to have them open a savings account. The cost of the accounts secured, including the pass book, was about \$2.25. Of course, there was some permanent value in the advertising that appeared.

Some may be inclined to doubt the advisability of using such an expensive pass book, but let me say that the accounts opened by means of these pass books have grown remarkably. Everyone who secured one seemed compelled to show it to someone else and the resulting publicity was well worth while. The book seems to typify the splendid purpose of saving.

The results secured were possible only through joining the efforts of the employees with the advertising, coupled with the pass book.


HOW ONE BANK USED "THE AGES OF MAN"

When Martin F. O'Callaghan of the Union and Planters Bank and Trust Company of Memphis, found that a great many customers of the bank read with interest and commented upon a car card advertisement that was displayed in the banking room, he did the obviously prudent thing—he made up a series of advertisements for the newspapers, having the same general appeal—and new accounts came faster than ever before in the history of this bank. In describing this campaign he said:

"The Ages of Man" has proved the most resultful advertising theme we have ever invoked. Forgetting Shakespeare, we arranged our own "Ages of Man" to suit our style of appeal, judgment and copy.

The idea was developed into a series of seven pieces of copy with a period of life for each piece of copy, each appropriately illustrated. Published in two afternoon newspapers, Monday and Saturday in one, Tuesday and Thursday in the other, each character made four appearances. The series ran for seven consecutive weeks, the infant prodigy getting older each week.

The series was first published in the summer of 1920. What it accomplished would be very hard to say, as I would hesitate to ascribe to any piece of advertising—I mean bank advertising of this kind—however perfect, all the inflow of business during life of the



The Confidence of Thousands

THE CONFIDENCE OF THE COMMUNITY IN A BANK, WHICH IS ITS GREATEST ELEMENT OF STRENGTH, CAN BE AIDED BY THE NUMBER OF ITS CUSTOMERS.

OVER FIFTY THOUSAND PEOPLE IN ALL, MALES OF LIFE, MEN, WOMEN AND CHILDREN, HAVE THEIR MONEY ON DEPOSIT WITH THIS COMPANY.

The Marine Trust Company
of Buffalo

A dignified advertisement well calculated to inspire the confidence of which it speaks.

advertising that would come to an old-established, highly reputed bank, with the leadership in its community; neither could I gauge the effect on dormant deposits, nor what the advertising did for the savings departments of our neighbors, but we do know that during the time of publication the number of new accounts in the savings department reached the highest altitude in all our history; in fact almost doubled over the average run, and that we got considerable conversational publicity thereby.

"The Ages of Man" series was the result of a positive proof to us that the age theme in savings bank advertising was the least threadbare and the surest way of getting to our people on the inside "where they live." I mean the Specific age theme, not the "Grandma and Grandpa" stuff exclusively. Our key to this theme came from a card showing the stand of mind, measure of opportunities and per cent. of mortality, financial and physical, in certain ages of men. The card was used by us in an amended form about a year ago as a street car card, with permission from the "Magazine of Wall Street." The interest that it evoked, the discussion that it caused while hung in our lobby, the requests received for copies of it from individuals and employment managers, but best of all, the directly traceable business it brought as a street car card, after being forjuded as copy-heavy proved convincingly that we had found something that made them think and made them act.

BOOSTING THE HOME TOWN

Clem J. Steigmeyer, of the First and Hamilton National Bank, of Ft. Wayne, Ind.:

The success of any advertising, I believe you will agree, is in a large measure dependent upon the state of mind of the public. Last summer four things happened in Fort Wayne in rapid succession.

The United States census figures were announced, placing Fort Wayne for the first time in its history the second city in size in the State of Indiana.

There followed almost immediately, spread generously over the front pages of the local newspapers under eight-column flag heads, the tidings that the International Harvester Company would erect a great truck manufacturing plant in Fort Wayne, which would mean, according to conservative estimates, an increase in population of from 25,000 to 30,000 within the next five years.

On the same day that this announcement was made the formation of a housing corporation, capitalized at one million dollars and fully paid was completed.

And then came the decision, bound by contract, that a belt line railroad, connecting all the railroads in Fort Wayne would be built, adding immeasurably to Fort Wayne's already excellent freight facilities.

People who had been "knocking" the city before began boosting. A new pride in their city had been awakened in the hearts of the people. Everybody was interested in Fort Wayne as they had never been before.

These portentous announcements were scarcely cold in print when we launched the advertisement, "Fort Wayne Begins New Era of Growth."

The advertisement appeared in the two daily newspapers of Fort Wayne, morning and evening, one in each, and was later reprinted in pamphlet form, together with other advertisements of the series to meet the demand for copies. These pamphlets were used extensively, and are still used, in interesting out of town prospects about to move to Fort Wayne in our bank.

Its appearance was received by the public with enthusiasm. The news element of action caught the eye. The timely subject matter held the attention.

Real estate men carried copies around in their pockets to help sell Fort Wayne to prospects. Business and professional men asked for copies. Here the bank rendered good will, a service to the public by giving information in its advertising for which there was a demand; by pointing out the clean-cut ways in which Fort Wayne dominated; by encouraging men, women and children to take a greater interest in the growth and prosperity of their own city.

Several financial magazines carried articles on the campaign of which this advertisement was a part. The leading newspaper in Fort Wayne asked for copies to send to its foreign advertising representative in Chicago, Kansas City, New York and Detroit. The secretary of the Chamber of Commerce distributed twenty-five

copies to various cities throughout the United States; the manager of Fort Wayne's largest department store sent twenty-five copies to concerns from whom he bought in other cities in order to emphasize the fact that Fort Wayne was a good town in which to grant credit; managers of manufacturing institutions requested copies and the public utilities of Fort Wayne were specially pleased. You may think that my enthusiasm has carried me far in citing these results but I assure you that I have on file many congratulatory messages the bank received and scores of other requests for copies.

It was inevitable that people should take a pride in the institution which was boosting the city of which they were proud.

THE PROBLEM OF THE COUNTRY BANK

J. A. Abernathy, First National Bank of Fordyce, Mo.:

We read the advertisements of the city banks and admire their beauty and pulling power. They are works of art. We believe in advertising and want to follow their example, but the average country banker has not the time nor inclination to attempt the work of an experienced advertising man. He knows his customers personally and calls them by their first names—they come to him with their troubles, and get his sympathy and advice. Like the old negro who recognizes Rastus as "his boy" in the Cream of Wheat picture, we recognize "Personal Service" and "Human Interest" as our boys in the advertisements of our city correspondent; and one of our problems is to claim these fellows on a very limited advertising budget.

It is largely a matter of acquaintance and education. The country banker would do well to spend more time in the lobby of the bank, making those who call feel more at home. Most people have a feeling of awe about calling at the bank, and this should not be the case. The banker should get out occasionally and visit his friends in the fields—take time to sit on the fence and listen to their plans. When he returns, write them a letter about the visit offering to serve him in some particular way. Let him make appointments with the schools in the several communities to make a talk on thrift, or give a lesson in banking, and get acquainted with the children, and parents who visit the school for the occasion. It won't hurt the banker to take the holidays, attend public gatherings, picnics, and barbecues—the social feature is fine, and the bank will serve more people as a direct result.

Carl Hollis, cashier, Merchants & Planters Trust and Savings Bank at Warren, Arkansas, a county seat thirty miles southeast of Fordyce, is doing some valuable indirect advertising. The bank employs a woman agriculturalist, who organizes the boys

and girls of the county into pig, poultry and canning clubs—the bank financing the boys and girls in purchasing high grade stock. The publicity this bank is getting in connection with these activities will be felt for years to come.

I believe direct advertising has been neglected by the country banker. We want to make up some mailing lists of farmers, employees, housewives and teachers.

TIMELINESS IN ADVERTISING

D. B. Harris, of the Hamilton National Bank, of Chattanooga, Tenn.:

It is necessary for the advertising manager to grasp every opportunity possible to place his institution before the public at the right time. For example: Upon learning that the express company which maintains a large district office in Chattanooga was going to give its employees checks for back pay awarded by the labor board, we immediately got busy and ran advertisements in the local newspapers, appealing to them not to spend this extra money, but to deposit it in our bank, and we received what we thought unusual results from these advertisements.

THE INSURED SAVINGS PLAN

John A. Price, advertising manager, Peoples Savings and Trust Company, Pittsburgh, Pa.:

The Peoples Savings and Trust Company, of Pittsburgh, and the Equitable Life Assurance Society of the United States, two of America's strongest financial institutions, present a new and practical way of assisting ambitious people to become financially independent.

The plan is called the People's Insured Savings Plan.

It is a combination of a four per cent. savings account in the Peoples Savings and Trust Company, and life insurance in the "Equitable".

Let it be supposed you are thirty-five years old and want to get \$1,000. You come to the Peoples Savings and Trust Company, join the Peoples Insured Savings Plan by depositing \$7.45 and agree to deposit exactly the same amount monthly for a period of 120 months. At the end of 120 months, you receive \$1,000 in cash, if you live. But should you die, even one day after you have been accepted by the insurance company, your wife, children, husband, parents, or whoever you have selected, will be paid promptly the \$1,000 you intended to save, without further deposits. Nothing could be more simple. You receive the \$1,000 in cash, if you keep up your monthly deposits and live. Whoever you select will receive the \$1,000 without any further deposits, if you die. The \$1,000 is absolutely certain. Yours if you live; your heirs if you die.

Multiply \$7.45 (your monthly deposit) by 120 (months) and you find that your total deposits over the 120 months' period amount to \$894.00. This is the entire amount of money you deposit. It includes everything. There are no extras of any nature.

You deposit only \$894.00 but are paid back \$1,000 in full. And, in addition to this profit of \$106.00, your life is insured in the "Equitable" for the whole period of 120 months. Ambitious people will recognize in this plan a practical, definite and easily kept schedule for making financial progress. A small sum, which will not be missed, is deposited regularly each month, with the assurance that you, if you live, or your heirs, if you die will receive the full amount you started out to save.



How Banks Are Advertising

THE WHITNEY-CENTRAL BANKS of New Orleans publish each month for the benefit of their depositors a collection of charts showing the trend of business. Charts depicting wage reductions, business failures, railroad earnings, foreign trade, building loans, wheat production, etc. show the reader in a graphic manner the month to month progress of the nation's business. Another feature of the Whitney banks is an economic map of the United States which lists the agricultural products and natural resources of each state.

THE WORCESTER BANK and Trust Company of Worcester, Mass., has issued a very interesting historical booklet entitled "Forty Immortals of Worcester and Its County." The bank says in the foreword:

"Realizing what an important part Worcester County has taken in the history, not alone of Massachusetts, but of America, the bank has prepared biographical sketches, illustrated wherever it has been possible, of forty men and women of the City of Worcester and its county, who have done something worth while for either the community or the world."

THE CONTINENTAL AND COMMERCIAL Banks of Chicago have

published an attractive booklet containing reproductions of the best newspaper advertisements of this bank which have appeared during 1920 and 1921. As the advertising of these banks ranks amongst the highest of American bank advertisers, this booklet should be of unusual interest to all students of bank advertising and all those actively engaged in this particular branch of banking.

THE BANK OF ITALY, San Francisco, Cal., has published in booklet form reproductions of a series of advertisements recently used by that bank to give publicity to the various industries of California. The Bank of Italy is one of those progressive banks that realizes that by helping its community it is also helping itself.

THE AMERICAN NATIONAL BANK of Richmond in its monthly Thrift Letter tells the following story, which should be of interest to all bank advertisers:

Two women went together into a Broad Street department store last week to do some shopping. One of them bought a variety of things, ranging from a box of hairpins to a sport skirt, and without calculating how much she was spending, said carelessly, "charge it, please," as she purchased each article.

The other woman asked for a "shopping card," had the price of each article put down as she went from counter to counter and finally, taking a small folding check book from her wrist bag, she wrote a check for the total amount of her purchases, did a little bookkeeping on the stub of the check book and turned to her companion with a "now I am ready" air.

"Do you always carry that absurd little check book around with you and pay for everything you buy?" asked her amused friend.

"Certainly I do," answered the other. "It is the only business-like thing to do. You, I believe, have no idea how much you have spent this morning. You won't have until the first of the month, when the bills come in and then perhaps you will have a horrible surprise."

"I not only know how much I spent today, but how much I spend every other day and I also know to a penny how much I have in the bank, because I never draw a check that I do not instantly deduct the amount of it

from my bank balance. It takes about two minutes to do such bookkeeping on the stub of my little book, I know just where I stand financially, my account is never overdrawn and I never have the unhappy surprise of a shower of bills for things I had forgotten I ever bought."

"You will never know what real peace of mind means until you keep a household budget and shop with a check book. I've found these two comparatively small matters to be the biggest worry eliminators in my daily life."

C. K. MATSON, publicity manager, of the Cleveland Trust Company has been elected president of the newly organized financial division of the Cleveland Advertising Club composed of the leading men of Cleveland's financial organizations. At the organization meeting of this division Mr. Matson offered a constructive platform calling for the cooperation of Cleveland banks in a series of educational campaigns.

A FINANCIAL ADVERTISING service operating under the name of Anderson-Ross Company has been established in Sacramento, California. Its president is Ralph P. Anderson, assistant to the president of the Sacramento-San Joaquin Bank, of Sacramento. Mr. Anderson is well known as the author of many excellent articles on bank

advertising, several of which appeared in THE BANKERS MAGAZINE. R. F. ROSS, a commercial artist, is vice-president, and the secretary-treasurer is D. K. Colclough, who formerly was cashier of the Citizens Bank of Sacramento.

The organization does not handle general financial advertising, but is devoted exclusively to banking by mail advertising. In this respect, it is an interesting example of specialization. There was a time when an organization devoted to bank advertising was a novelty, and now comes the organization devoted to one particular phase of bank advertising.

"We believe," says Mr. Anderson, "that banking by mail is a field which has been practically unworked by banks. As a matter of economics, banking is a service which should be brought within the reach of all, and a bank which does not encourage banking by mail is not functioning properly in that respect. An important point for every banker to remember in connection with banking by mail, is, that it not only appeals to people living in the country surrounding the bank's town, but also to people living in the town—to people who find banking hours or locations inconvenient, or who cannot spare the time to bank in person."

"Our service includes miscellaneous helps to building up banking by mail business, in addition to newspaper advertising. Each of our newspaper advertisements is handlettered and illustrated, these features making them unusually attractive and strong."

THE AMERICAN Exchange National Bank, N. Y., believes the following. It says:

Women are the custodians of the average household funds and to the extent of its dependence upon savings for progress the arbiters of the nation's destiny. The women alone can win the country back to the habit of saving and bring its potential resources into action. There is the responsibility.

"You never seem to worry
about your investments"

"How can you look after them when you are away so much of the time?"

"Well, a few months ago I put them in a Fidelity Safe-Keeping Account and since then I haven't had to bother with them at all. The bank keeps them in its vault, collects the income when it is due and credits this to my account. It also keeps me informed of the condition of my holdings and advises me concerning changes and reinvestments."

This service is a great help to investors. Call or write for our booklet, "Fidelity Safe-Keeping Service."

The Fidelity Trust Company
of Buffalo
Main and Second Streets



A good advertisement to investors
of a special trust company service.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

- ▲
- Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
 Allen, W. S., pub., mgr., Southwark Nat'l Bank, Philadelphia, Pa.
 Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
 Ansley, D., Central Tr. Co., San Antonio, Tex.
- B
- Bador, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
 Bailey, C. W., pres., 1st Nat'l Bank of Clarks-ville, Tenn.
 Banco Mercantil Americano del Peru, Lima, Peru, S. A.
 Bankers Magazine, The, New York.
 Bauder, R. E., Union Bank Bldg., Chicago, Ill.
 Baugher, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
 Berry, C. F., adv. mgr., Union Trust Co., De-troit, Mich.
 Bell, H. W., director serv., Svgs. Bank of Utica, N. Y.
 Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
 Berger, H. C., cash., Marathon Co. Bk., Wau-sau, Wis.
 Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
 Bize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
 Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
 Block, R., pub. mgr., Citizens Trust Co., Buffalo, N. Y.
 Branham, D. R., director pub., Helman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
 Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
 Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
 Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
 Burton, E. C., V.-P., Pennsylvania Nat'l Bank, Chester, Pa.
 Butzlouf, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
 Buzbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.
- C
- Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
 Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
 Clabaugh, S. F., cash., City Nat'l Bank, Tusca-loosa, Ala.
 Coon, H. J., 68 Farnham Ave., Toronto, Canada.
 Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
 Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
 Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.
- D
- Davy, C. C., Atty. East Side Svgs. Bank, Roch-ester, N. Y.
 Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
 De Eebian, A., adv. mgr., Equitable Tr. Co., N. Y.
 Delly, H. E., Tradersmen's Nat'l Bk., Phila., Pa.
 Delson, L. E., pub. mgr., Central Tr. Co., of Illinois, Chicago, Ill.
 De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
 Distelhorst, W., adv. div., 1st Wisconsin Nat'l Bk., Milwaukee, Wis.
 Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.
- E
- Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
 Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.
 Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.
- F
- Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.
- G
- Frost, L. A., treas., Guaranty Tr. Co., Cam-bridge, Mass.
- H
- Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
 Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, N. Y.
 Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
 Gonthier, H. G., dir. pub., Bank of Hochelaga, 112 St. James St., Montreal, Que.
 Grimm, H. B., mgr., bus. ext. dept. Security Tr. Co., Detroit, Mich.
- I
- Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
 Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
 Heuchling, F. G., vice-pres., Northwestern Trust & Svgs. Bank, Chicago, Ill.
 Hamsher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
 Handerson, C. H., Union Tr. Co., Cleveland, O.
 Haskell, E. G., Barnett Nat'l Bank, Jackson-ville, Fla.
 Heuchling, F. G., vice-pres., Northwestern Tr. & Svgs. Bank, Chicago, Ill.
 Higgins, A. E., adv. serv., 2929 B'way, N. Y. C.
 Higley, J. N., adv., dept., 1st Nat'l Bank, Youngstown, Ohio.
 Hirt, E. C., Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
 Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
 Hodgins, J. H., pub. dept., Union Bank of Canada, Winnipeg, Manitoba, Canada.
 Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
 Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
 Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
 Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
 Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
 Hunter, H. G., vice-pres.; treas., Kansas City Terminal Tr. Co., Kansas City, Mo.
 Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.
- J
- Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
 Johnson, E. W., Warren Nat'l Bk., Warren, Pa.
 Johnson, S. W., mgr., new bus. dept. Seaboard Nat'l Bank, Norfolk, Va.
 Johnson, W. H., Jr., adv. dept., Marine Tr. Co., Buffalo, N. Y.
 Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.
- K
- Keeton, M., mgr. svgs. dept. Merchants & Far-mers Bank, Meridian, Miss.
 Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
 Kiltredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
 Kommera, W. J., pres., Union Tr. Co., Spokane, Wash.
- L
- Langstroth, E., New York Trust Co., N. Y. C.
 Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
 Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
 Lerner, V. A., comp., Williamsburgh Svgs. Bank, B'way & Driggs Ave., Brooklyn.
 Lyons, W. S., Union Trust Co., of D. C., 15th & H Sts., Washington, D. C.

M

McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
 McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
 Matthews, H. B., adv. mgr., S. W. Strauss & Co., 5th Ave. at 48th St., N. Y. C.
 Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.
 Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morrish, W. F., vice-pres., Security Bk. & Tr. Co., San Francisco, Cal.
 Morrow, P. E., care of Hackney & Moale Co., Asheville, N. C.
 Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.
 Muralt, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.

N

Newton, E. V., mgr. bus. dept., Garfield Svgs. Bank, Cleveland, Ohio.
 Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.

O

Oakes, R. W., asst. secy., Watertown Savings Bank, Watertown, N. Y.
 Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P

Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R

Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N. Y. C.
 Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr., new bus. dept., American Nat'l Bank, Richmond, Va.

S

Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Sciater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellow, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
 Sloan, L. H., Nat'l City Bank, N. Y. C.
 Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept. Industrial Svgs. Bank, Flint, Mich.

Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.
 Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stein, R., asst. cash., American Union Bk., N. Y.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n., South Bend, Ind.
 Streicher, J. H., new bus. dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.

T

Tait, A. Gordon, pub. mgr., Royal Bank of Canada, Montreal.
 Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
 Thruston, W. B., Jr., mgr. for. dept. Merchants Nat'l Bank, Baltimore, Md.

V

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W

Wadden, T. A., vice-pres., Lake Co. Nat'l Bank, Sioux Falls, S. D.
 Wadden, T. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
 Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
 Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
 Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
 Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
 Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
 Woolford, Withers, Bank of America, 40th St. & Madison Ave., N. Y. C.
 Wormwood, C. K., adv. mgr., 1st Nat'l Bank, Haverhill, Mass.

Z

Zambrano, A., Jr., care of A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.
 Zimmer, C. R., 1st Nat'l Bank, Emporium, Pa.
 Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
 Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.

NEW NAMES

Baty, E. N., mgr. new bus. dept. Englewood State Bk., 63d St. & Yale Ave., Chicago, Ill.
 Boyd, W. A., vice-pres., 1st Nat'l Bank of Ithaca, N. Y.
 Hammond, R. P., bus. serv. dept., Second Ward Securities Co., Milwaukee, Wis.
 Reese, R., Minnesota Loan & Tr. Co., Minneapolis, Minn.
 Sullivan, T. J., pres., American Press League, 11 S. LaSalle St., Chicago, Ill.



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Book Reviews

NEW YORK LAWS AFFECTING BUSINESS CORPORATIONS. Revised to July 1, 1921. New York: United States Corporation Company.

In accordance with the plan outlined at the time of the publication of the first edition of the Corporation Laws of New York in pamphlet form, the second edition was ready for distribution after the Governor affixed his signature to the last of the corporation bills. It is intended as a working copy of the New York Business Corporations Law, the Stock Corporation Law and the General Corporation Law with appropriate sections of the tax law, to which is added a synoptic analysis of the various laws of New York relating to corporations. Their correlation is shown as well as the manner in which they are coordinated. The important parts of the three laws pertaining to business corporations are classified under a comprehensive subject arrangement.



BANKERS' CREDITS. By William F. Spalding. London, England: Sir Isaac Pitman & Sons, Ltd.

This book on credits has been written at the earnest request of a large number of bankers and commercial men with whom the author, in the course of his banking experience, has discussed the many and troublesome questions that frequently arise in connection with those puzzling documents known as "Bankers' Credits." It deals with the practical side of the question and great care has been taken not only to explain the many and varied forms of bankers' credits in existence, but also to consider the cases that from time to time have come before the law courts.



THE FUNCTIONS OF MONEY. By William F. Spalding. London, England: Sir Isaac Pitman & Sons, Ltd.

This volume aims at explaining the

various functions and services of money and describes the origin, development and special attributes of the many forms of credit instruments in existence. The author is an expert in monetary affairs, both English and foreign. His familiar acquaintance with monetary affairs renders him a judicious guide in the study of the intricate problems of finance. Among other subjects in chapters he takes up the developments of the functions of money and the evolution of metallic money, a summary of the principal monetary systems and money in international commerce.



DOUBLE YOUR SAVINGS—IT CAN BE DONE. By Harvey A. Blodgett. St. Paul: Harvey Blodgett Company.

The author of this book believes that the savings of the nation can be doubled within the next five years if only the banks will do their share to stimulate their depositors and potential depositors to make the effort. This book tells how it can be done and suggest that banks all over the country take up the slogan "*Double Your Savings; It Can Be Done.*" The advantage which would accrue to this country if we should become a nation of savers rather than of spenders are too obvious to require discussion. Any plan that will help in the work of bringing this about is worthy of the consideration of the banking public.



CURRENCY AND EMPLOYMENT. By Sir Lancelot Hare, K. C. S. I. London: P. S. King and Son, Ltd.

This is a reply to financiers who assert that no deflation should be made, and that deflation spells disaster. The author believes that the truth is exactly the reverse, and unless there is a reasonable and properly regulated deflation high prices and unemployment will be compelled and must prevail.

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

IRVING NATIONAL BANK NEW YORK

Condensed Statement of Condition, June 30th, 1921

Resources

Cash in Vault and with Federal Reserve Bank	\$22,208,405.09	
Exchanges for Clearing House and due from other Banks	60,258,148.44	
Commercial Paper and Loans eligible for Re-discount with Federal Reserve Bank	84,452,100.38	\$166,918,653.91

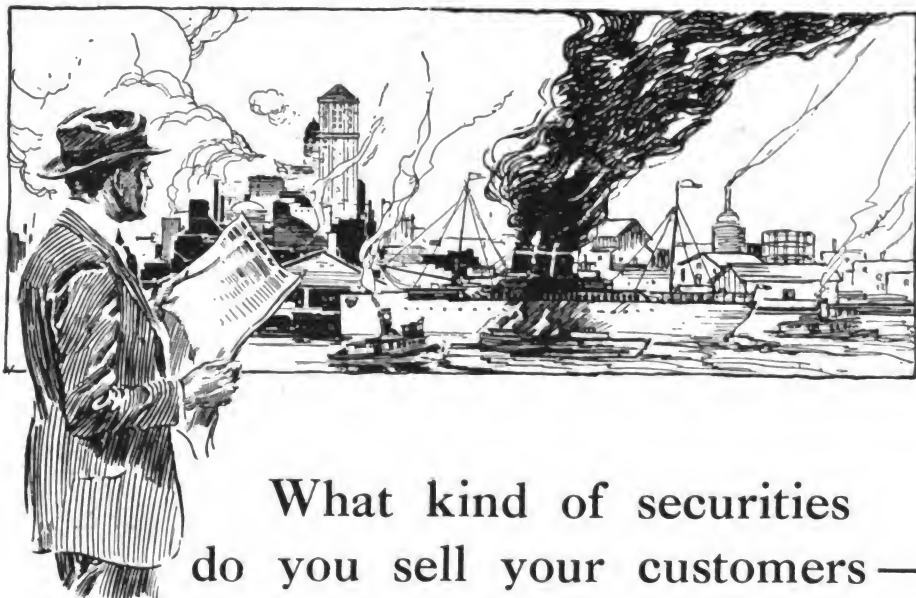
Other Loans and Discounts

Call and Demand Loans	13,562,126.46	
Due within 30 days	14,956,991.53	
Due 30 to 90 days	19,813,713.17	
Due 90 to 180 days	21,604,496.42	
Due after 180 days	1,930,178.98	71,867,506.56
United States Obligations		5,009,513.87
Other Investments		9,007,949.19
Bank Buildings		516,475.05
Customers' Liability for Acceptances by this Bank and its Correspondents [anticipated \$3,112,113.25]		16,998,481.90

TOTAL RESOURCES		<u>\$270,318,580.48</u>
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Liabilities

Capital Stock	\$12,500,000.00
Surplus and Undivided Profits	11,202,196.83
Dividend Payable July 1, 1921	375,000.00
Discount Collected but not Earned	1,262,211.50
Reserved for Taxes and Expenses	743,548.35
Circulating Notes	2,428,200.00
Acceptances by this Bank and by Correspondents for its Account [after deducting \$1,980,681.12 held by this Bank]	20,110,595.15
Deposits	221,696,828.65
TOTAL LIABILITIES	<u>\$270,318,580.48</u>



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do you sell your customers —

ARE they just "good bonds" or are they securities exactly suited to the individual investor's requirements?

Real investment service—the kind that holds a customer and makes him a self-advertiser of your bond department—means fitting the elements of safety, yield, maturity and marketability to his circumstances and investment purposes. It means selling him the kind of bonds he ought to buy.

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We also shall be glad to give you any information you or your customers may wish on any securities now owned; and go over your entire list of holdings to determine whether readjustments might be profitably made.

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The United States as a Creditor Nation

By Henry M. Robinson

President First National Bank of Los Angeles and Los Angeles Trust and Savings Bank

This address was delivered before the National Association of Credit Men in San Francisco.

BECAUSE it was impossible to do so, the war did not leave the world impoverished, nor, considering its entire population and its entire property, was the great average of world wealth appreciably affected.

This is not a statement which is pleasing to any individual whom the loss of life has touched, but it is clearly evident that the destruction by the war of things that had been previously created, such as factories, cultivated lands, houses, buildings, transportation systems and the structures in use in normal times, is hardly appreciable from a world wide standpoint—this because the increase in production and in productive machinery in the world at large has been fully as great, if not greater, than the destruction brought about within the theaters of war.

Actual destruction on the western front was limited almost entirely to a relatively small area in France, and, so far as actual destruction is concerned, to an even smaller area in Belgium. There were, of course, similar areas of destruction of varying sizes upon the other fronts, but there actual destruction stops.

In addition to actual destruction, the depreciation of transportation machinery, factories, buildings and other structures, caused by neglect or excessive use, is a factor to consider in arriving at a total of the destruction caused by war, but this, in turn, must be balanced by additions to productive machinery and transportation developed in other parts of the world. For instance, there was wholesale ship destruction by German submarines, but this was balanced by additional ship construction throughout the world. There was a falling off of agricultural production

within Europe and increased production in other quarters of the earth. While war did not destroy the factories nor the lands themselves, it did, of necessity, destroy many of their usual products and diverted the efforts of the warring nations to the manufacture of other and additional products destined from the first to be destroyed in its prosecution.

In addition to factories, equipment and transportation facilities used for war purposes, there were on hand at the outbreak of hostilities certain war supplies, foods, munitions and equipment, but the total of this, considering the amount used during the war, was a trifling part of the aggregate.

The total requirements of the war—of material and supplies destroyed in its conduct—were tremendous when compared with what was available at its outbreak, and all of this has been produced by those living during the period of the war.

Let us tabulate the things in existence in August, 1914, that have been destroyed or unduly affected.

(a) War materials and supplies on hand—only a few weeks' supply.

(b) Fixed property in the comparatively small areas of the various theaters of war—in the aggregate an area so small that population and all considered, it is not an appreciable part of the total of such property in the civilized world.

(c) Loss in man power direct and indirect—Nature must fill the gaps and the crippled ones are soon adjusted to the scheme of things.

All this sounds cold and heartless, but let us in a broad way face things as they are and will be.

It is quite clear that, except for the factors mentioned, neither the past nor the future could contribute to the war anything like the totals necessary towards its conduct. Therefore, the peo-

ple living, by additional effort in production and by economies in consumption, delivered the major portion of the materials and foods necessary for its waging.

Since there are approximately as many people in the world at large today as existed at the time when the peoples were furnishing, by additional efforts and economies the necessary materials for the prosecution of war, it follows that the world today is capable of producing as much as it did during the war itself, and that the difficulties of the nations result not from want of production throughout the world, but for the want of means for exchanging products, for means of returning to normal production, and for solving the additional difficulties which have been built up through the creation of new political and economic barriers along the frontiers of the nations.

Before the war it was possible, for instance, to ship goods from Madrid to Petrograd without difficulty; today the difficulties for such a shipment are tremendous. There are difficulties of exchange; difficulties of import and export tax at frontiers; difficulties through the physical breakdown of transportation, through boundary transfers and delays, and through the inability to obtain payment for goods when they are once delivered.

But to return to the war period. The methods adopted by the various governments engaged for obtaining the necessary materials from their own nations and others differed only in degree. The fundamental rule was through methods of credit expansion.

Those peoples and governments that were not directly engaged in the war, contributed to it of their products, always in exchange for some commodity or credit. The nations engaged in acquiring war materials paid for their purchases from their own nationals by the making of loans, which resulted in a domestic inflation, and this internal inflation, with the exterior loans floated, finally resulted in world inflation.

Exterior loans made for the purpose of acquiring current products of other

nations is tantamount to a promise to return these products at a later date, to settle for them in other products, or to pay for them by whatever medium is in use for exchange at the time of such payment.

On the other hand, interior loans only take over the current supply of domestic products, so the system within a nation resulted merely in domestic inflation; that is, an increase in the nominal values, and a redistribution of the counters in the game.

To speak in a domestic sense, one of the first effects of the inflation was to permit the marking up of wages paid to the wage earner. Then be it known that for a time, but only for a time, the difference between his wage and the cost of his living gave him an opportunity to improve his standards of living. It would be beyond our power to determine whether, when all the factors are considered, the wage earner, during the whole period of the war, and since the war, received his full share of such inflation, or whether as of today, the redistribution of the counters of exchange has not more definitely established a wider differential between the various groups that make up a nation than previously existed.

It is fair to assume that in no two nations would this redistribution and this differential be comparably parallel.

It is evident that if there were no exterior loans obtained by a nation, or made for the benefit of another nation, the result of an adjustment within the boundaries of a nation so placed would be that all accounts could be balanced out. But, since the nations at war did either float external loans for their own benefit, or made such loans for the benefit of other nations, all are, of necessity, affected by these international relations and are unable to balance out their indebtedness, although it is apparent that, if you treat the world as a whole, as suggested in the case of a single nation, the accounts of the world must balance.

Probably the greatest difficulty against a reasonably prompt return to normal conditions lies in the rearrange-

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ment of international accounts. The positions of the various nations at war and those from whom they purchased war materials have shifted more rapidly than ever before in the history of the world, and this shift has led the nations into uncharted seas, where they are faced with new problems—problems the governments and peoples have never before been called upon to solve.

The credit devices of politicians when under the pressure of war were many and varied, but, generally speaking, the psychology of the situation led the politicians to a theory of inflation in order to hold out the bait for the increased production required. This was general within the several countries and again was applied as between nations.

In our own case, we furnished the provisions, munitions and accessories to carry on our part of the war, and financed our associates, certainly for purchases from ourselves, and also, probably, for purchases from the nationals of other countries.

This means that during the war we furnished those munitions, equipments and supplies from the difference between our total productive capacity, which was speeded up to the limit, and the reduced consumption on the part of our people.

It is evident, is it not, that in our own particular case the past contributed practically nothing but "plant", and the only injury to "plant" has been excessive use and lack of maintenance? We provided our own provisions, munitions and supplies, to say nothing of financing our allies, and we did this through speeding up our current production and by retarding consumption.

Because we were free to speed up our productive energy; because our people were willing to reduce, for a period at least, their consumption; because the other nations at war needed this margin; because we were willing to exchange this part of the results of our productive energy for obligations of those nations with whom we became as-

sociated—because of all this we have become the creditor for most of the important nations who were engaged in the war against the Central Powers.

In effect, readjustment and circumstances over which we have had no control have forced us into the unique position, and the strongest position, relatively, that the world has ever seen.

Today we have over three billions of gold available for our financial purposes, while France has approximately one-fifth of that amount, and England but little more than France. With Germany's gold distributed among the Allies, these figures will be increased, though not materially.

The gold supply of other nations, when taken together with France and England, as augmented by the German gold supply, gives us, by comparison, more than one-half of the available monetary gold of the world, and, in addition, the important nations, other than the Central Powers, are greatly in our debt.

It has long been claimed that the nation which is strongest in gold is, because of that fact, the strongest economically. This claim, however, has never been proved, for in the end gold is nothing but the counters in the game and it is the goods of the world which the world always needs and which the world must have.

There were many discussions of the proper ratio of gold to issues of currency during the hearings before the passage of the Federal Reserve Act. A reading of the minutes of the congressional committee before which these hearings were had discloses that the learned savants called upon for expression of opinion differed widely as to the ratio that should be maintained, both in gold reserves and deposit reserves. This difference extended from nothing (some held that no definite ratio should be set up) to seventy-five per cent., and the ratio finally established is only too evidently a compromise. In fact, we all know that England has long and successfully conducted her financial operations on a very much smaller ratio than that which we finally adopted.

In a domestic sense, if the countries were not trading outside of their own boundaries, the ratio would be of comparatively little importance, but, because of the international relations and obligations, there arises a relationship between the two that affects movements in international exchange.

The extraordinary post war readjustment which has left America as the outstanding creditor nation has, whether we like it or not, forced us into an international relationship that did not before exist. And, again, whether we like it or not, our cherished policy of holding aloof from foreign political entanglements is changed. Economic conditions have forced us into economic entanglements and today political movements follow economic movements.

It was fortunate that economic conditions since the birth of the Republic down to the outbreak of the war, permitted us to follow the policy of aloofness from world affairs, but we now find ourselves thoroughly entangled in the economic and political affairs of the world, and must face that fact fairly and squarely lest worse befall.

The shifting of the positions of the nations has placed us most advantageously, but we are in danger of losing this position through inexperience and our inconsistent attitude in the problems that confront us.

We are acquiring additional gold from the less fortunate nations; we are establishing, or endeavoring to establish, protective tariffs and even embargoes against an influx of goods from the nations in our debt; and we are endeavoring to increase and maintain our exports and to move them in our own ships.

It is obvious that all these things cannot be continued successfully at one and the same time.

In order to maintain a reasonable prosperity, we are most anxious to give employment to our people and to use all of our productive facilities. Neither of these things can be done unless we can dispose of our excess products. Is it not therefore evident that we can continue to dispose of our excess prod-

ucts only if and when exchange is brought more nearly to its normal condition?

The nations of the world with whom we trade can pay for what they get only by what we take from them. This, of course, is modified through exchanges by them and by us with other countries. In its simplest form, the peoples of the world with whom we trade as customers pay for what they get by what we take from them, or by what we take from other peoples, who, in turn, take from the original customers, and the amount we take must at least be equal to what we sell; otherwise, the buying power of the other nations stops, unless any gap in this rough balance is filled by extension of credits to foreign governments or their nations, or by investments actually made in the countries against which the debit balance runs. Even this equal exchange makes no provision for the payment of the loans we have made to debtor peoples. We eliminate from consideration in this discussion those factors such as tourists' expenditures abroad, insurance paid to foreign companies, shipments home by alien workers and other "invisibles" that modify our international trade balances.

Of course the tremendous change in the economic position of the various countries came about through the decrease in normal production and through the increase in consumption of Europe. The Allies, particularly, came to our market for war materials and supplies, and, as a sequence, sought credit with which to make payment. After our entry into the war our Government loaned to the Allies the amounts necessary both to cover purchases in this country and to support exchanges.

In so far today as our imports are less than our exports, some method for establishing a balance must be set up. Since the war, we have helped, in some degree, to make up this deficit through current loans, and, in a limited way, through loans known as "long term loans." But this cannot continue.

Current lending is unwise, both from a national and from an international



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standpoint, and we in America are now discussing the creation of the Foreign Trade Financing Corporation, through which long term credits may be established abroad. Even current lending and the creation of the Foreign Trade Financing Corporation will not provide for a continuing deficit in the balance of trade in our favor in anything like the amount that has obtained since the war.

The bankers of the country realize that immediate action must be taken to start again the clogged movement of our exports. The Foreign Trade Financing Corporation, a \$100,000,000 concern, authorized under the Edge amendment to the Federal Reserve Act, is the immediate suggestion. The banks of the country are called upon to take the lead in the development of this organization, not because the banks themselves will be the principal beneficiaries, but be-

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cause it is their duty to point the way for the relief of the manufacturer, the workers and the producer of raw materials.

The Foreign Trade Financing Corporation, with its great debenture issuing power, starts the machinery for the furnishing of debtor nations and the nationals of debtor nations with the materials and the credits which will permit them in turn to produce and manufacture those goods which they must sell in order to provide the funds necessary to pay their debts to America.

The development of this organization will to some extent alleviate the situation, but the furnishing of these credits alone is not the final solution of the problem.

The study of the situation leads to the conclusion that we must not only extend credit, but also must make permanent investments abroad, either in actual physical property, in the securities of the nations with whom we trade, or in privately issued securities of their

industries and utilities, and to the conclusion that these investments must continue to be made at least until such time as imports and exports are on a more nearly even basis.

By such investment we would aid in the building up of the productivity of debtor nations, and by so doing would answer once and for all the suggestions for readjustment outlined by the resourceful Mr. Keynes, and the equally resourceful Andre Tardieu. There is a world of misinformation abroad as to how the Allies' debts to the United States originated, and on this misinformation claims are made that it is our duty and obligation to release the debtors from the payment of their debts, thus, that our position might be immediately changed so that those now holding second liens should have first liens, and we be out of the lending business.

The war idealism of the people of this country, could it have been continued until now, would have made easy

the settlement of such problems as these, but we have largely dropped away from our notions of idealism and, in all approaches to international problems, are showing the sordidly selfish tendencies of the people of the other nations.

One of the results of the transfer to us of the power held by a creditor nation has, due to our inexperience, and especially because of our rigidity and of our inability to understand the problems of others, created an animosity and a bitterness toward us that is in excess of our just deserts. And I do not have to point out to credit men that there is a psychological feeling on the part of a debtor toward a creditor which tends to the development of animosities, and it is this psychological feeling which is in danger of adding to our international difficulties.

It would, therefore, be most desirable for us to so conduct ourselves that we may gradually modify this feeling of dislike and animosity, particularly if we are to continue in commercial relations with the rest of the world. This desirability arises not because we are looking for such an ephemeral thing as their love and affection, but rather so that the nations may become satisfied and reasonably friendly customers for the purchase of our excess products.

More to our advantage than all else in the permanent investment of our moneys abroad and the extension of long time credits through the Foreign Trade Financing Corporation will be the definite setting up of machinery that makes possible the readjustment of the conditions as between nations.

The peoples of Europe have immediate problems in the rehabilitation of their processes of production—but these problems will not take the years for settlement generally claimed, and before European capacity for production has returned to normal, we must have established ourselves with them as friendly creditors, or as investors in their securities, or in their physical properties.

The suspicions of international bitterness and quarrels with other peoples will take their place. This is pos-

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sibly cynicism, but it is cynicism based upon other parallels of history.

Meanwhile we, in carrying out this duty, will create organizations and establish a personnel that will be in accord with the customs, attitudes, practices, traditions and prejudices of the nations with whom we deal, and, as a creditor nation, let us hope that this personnel will make such contacts as will beneficially aid in the more speedy modification of the present attitude toward us of the people of the countries with which we trade.

May the nations come again to understand that our attitude during the war was one of pure idealism.

May they know that since the war, in recognizing the fact that our duty primarily is to ourselves, we also recognize that benefits to ourselves may, and, if properly obtained, will result in benefits to others.

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Capital Paid-up	5,250,000	(£1,050,000)
Reserve Fund and Undivided Profits	5,730,000	(£1,146,000)

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May they understand that, with this idea in view, we have deliberately set up the machinery for the extension of credit, partially current, partially long term, as well as the necessary machinery for the making of investments in the physical properties and the securities of the nations and the nationals with whom we carry on commercial relations.

Nearly three years have passed since that great war horror ended. Most of the evil results of war will in time pass

away. The injustices and oppressions of military and financial war machinery will not always be remembered. The wreckage of life and of body and of fixed property will in time readjust itself, but it devolves on us to make our fullest contribution, not for idealistic purposes, but in order that when the normal flow of prosperity comes again we may have come out of world turmoil with a position in the respect of the world at least equal to that which we occupied when the great war began.



The Bank of Nations Scheme

SENATOR HITCHCOCK'S proposal that the United States establish a bank of nations, with capital of \$2,400,000,000, as an international enterprise for the purpose of supplying credit to commerce and stabilizing exchange is exciting a great deal of interest in Washington. The plan has not yet been outlined except on broad, general lines, but both legislators and financial interests are studying the proposition with view to suggesting details and attempting to forecast the effect of the establishment of such a financial institution.

If the bank were established as planned in a bill introduced in the Senate by Senator Hitchcock it would be located in New York, would be financed by the United States Government and

such nations as should become stockholders through treaties and would have general banking powers, including the issuance of international currency. It would be controlled by the United States, but jointly owned by the nations successfully negotiating financial treaties with this country.

The first instalment of the \$2,400,000,000 capital of the bank would come from the United States Treasury, according to the proposed plan. In this connection Senator Hitchcock says that it would be an easy matter for the United States to spare \$800,000,000 to \$400,000,000 in gold as a basic contribution. The remainder of the United States subscription to the capital fund could be made in the form of the bonds of foreign nations held by this country.

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The United States now has more than half of the total gold supply of the world, an amount considerably in excess of that needed to establish adequate credit for domestic commerce. This gold, through the Bank of Nations, could be utilized to finance that portion of international commerce now halted because of a lack of credit, advocates of the plan say.

The remainder of the capital stock of the bank would be held by such foreign powers as enter into treaties with the United States for that specific purpose. A certain amount of the capital would also be derived from various banking functions exercised by the institution. For example, it is proposed that deposits be accepted from exporters, importers and bankers of the nations allied in the formation of the institution. Deposits from these interests engaged in international trade would be expected to total several hundred million dollars.

One of the most important functions

of the Bank of Nations would be the issuance and circulation of currency to be known as the international dollar. This new monetary unit would not only be issued in the United States but in other countries wherever branches of the bank were established. It would also be redeemable at any branch bank.

The circulation of this money would be regulated by the proposed Bank of Nations in much the same way as the Federal Reserve Bank of the United States controls the amount of its notes in various districts. By retiring a portion of the outstanding currency whenever international money was too plentiful in any nation and by issuing notes when the new medium of exchange became too scarce the system would hope to extend to international commerce the benefits of an elastic currency.

One of the advantages that Senator Hitchcock hopes to see arise out of an international bank is the elimination of shipments of gold from nation to nation whenever an exchange of credit be-



BANCO DI ROMA

ESTABLISHED 1880

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Capital paid up and Surplus . \$34,000,000.00

Total Resources . \$1,000,000,000.00

(Five Lire=One Dollar)

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Anagni	Cecina	Legnano	Porto S. Giorgio
Andria	Celano	Lucca	Potenza
Anzio	Centallo	Luserna S. Giovanni	Pratola Peligna
Aquila	Ceva	Marciana Marina	Rapallo
Arcidosso	Chiusi	Merano	Reggio Calabria
Arezzo	Citta' di Castello	Mercatale	Rivarolo Canavese
Ascoli Piceno	Clusone	Messina	Rocchetta diigure
Assisi	Colle Val d'Elsa	Milan	Rome
Aversa	Como	Modica	Rovigno
Avezzano	Cornigliano Ligure	Mondovi	Salerno
Bagheria	Cortona	Monteleone di	S. Benedetto
Bagni di Casciana	Cotrone	Calabria	del Tronto
Bagni di Lucca	Crema	Montesampietrangeli	Sansevero
Bagni di Montecatini	Cremona	Monte San Savino	Sant' Antiocho
Bagni di S. Giuliano	Cuorgne	Monte Urano	Santa Margherita
Bari	Dogliani	Montevarchi	Ligure
Bastia Umbra	Fabiano	Naples	Santa Maria
Benevagienna	Fermo	Nardo	degli Angeli
Bergamo	Fiesole	Nettuno	Saronno
Bibbiena	Figline Valdarno	Nocera Inferiore	Sassari
Bisceglie	Fiume	Norcia	Savona
Bologna	Florence	Novi Ligure	Segni-Scalo
Bolzano	Foggia	Oneglia	Siena
Borgo a Mozzano	Folano della Chiana	Orbetello	Signa
Bra	Folligno	Orvieto	Siracusa
Brescia	Forte del Marmi	Orzinuovi	Squinzano
Cagliari	Fossano	Ostuni	Tagliacozzo
Caltagirone	Frascati	Pagani	Terranova di Sicilia
Camaloro	Frosinone	Palermo	Tivoli
Campiglia Marittima	Galliano	Pallanza	Turin
Canale	Gallipoli	Parenzo	Torre Annunziata
Canelli	Genoa	Perugia	Torre del Passeri
Carate Brianza	Giugliano in Campania	Piadena	Torre Pellice
Carloforte	Grosseto	Pietrasanta	Trento
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Castellamonte	Intra	Poggibonsi	Viareggio
Castelnuovo di	Ivrea	Pontecagnano	Viterbo
Garfagnana	Lanciano	Pontedera	Volterra

COLONIAL BRANCHES

Bengasi (Africa), Tripoli (Africa), Rhodes (Asia)

FOREIGN BRANCHES

England: London (Representative). France: Paris, Lyons. Spain: Madrid, Barcelona, Tarragona, Montblanch, Barlas Blancas, Santa Coloma de Queralt, Valls. Switzerland: Chiasso, Lugano. Turkey: Constantinople. Malta: Valletta. Asia Minor: Adalia, Smyrna, Scalanova, Sokia. Syria: Aleppo, Beyrouth, Damascus, Tripoli. Palestine: Jerusalem, Caiffa, Jaffa.

AFFILIATED INSTITUTION IN EGYPT

Banco del Levante—(Capital £1,000,000)

Alexandria	Mansourah	Beni Soueff	Fashn	Magagha	Mit Gamr
Cairo	Tantah	Bibeh	Fayoum	Mehalla Kebira	Zagazig
Port Said	Beni Mazar	Dessouk	Kafr El Cheikh	Minieh	

American Representative

RODOLFO BOLLA, 1 Wall Street, New York

tween branches of the bank would serve the purpose as well.

The main function of the bank, however, in the opinion of Senator Hitchcock, would be the extension of credit and banking facilities to world commerce through the united effort of solvent nations. Such an institution, embodying financial cooperation between the nations, would provide the necessary machinery for the prevention of disastrous fluctuations in exchange rates, according to Senator Hitchcock, and would in this and other ways enable world commerce and finance to get nearer to a normal and sound basis.

Great Britain

ENGLAND TO APPLY THRIFT TO GOVERNMENT

A twenty per cent. reduction in the cost of government in Great Britain is the aim of "examinations" which the treasury has authorized in the various departments of the British administrations. This step has been taken in preparation, among other things, for payment of the interest on Great Britain's debt to the United States next year.

Budget estimates for the current financial year, which extends to March 31, 1922, indicate an expenditure of £603,000,000 for supply services including the military establishment, the civil services and the revenue departments. It is proposed to keep this expenditure down to £490,000,000 in 1922-23, according to advices received by the Bankers Trust Company of New York, from its English information service.

In a communication to department heads the treasury lords advocated drastic steps to reduce spending, and suggests that "in making proposals for reductions the departments shall not consider themselves prevented from proposing the reduction or cessation of a service because its performance has

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hitherto been a part of the policy of the Government or because the service is necessitated by statute." Parliamentary sanction will be obtained by any "sacrifice of services" considered necessary to meet reductions.

BOND ISSUES TO MEET MATURING DEBTS

Sir Robert Horne, chancellor of the exchequer, has announced in the House of Commons that he has decided to offer for subscription an issue of five and one-half per cent. treasury bonds, maturing April 1, 1929, with the price of the issue fixed at 97. No definite amount for the loan would be specified.

Sir Robert said that the sole purpose of the issue was to provide for the redemption of maturing obligations and to avoid undue recourse to treasury bills and ways and means advances. Holders of five per cent. Exchequer bonds ma-

BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve	-	-	-	Lire	383,000,000
Total Assets over	-	-	-	"	8,400,000,000

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turing October 5, and national war bonds maturing in 1922 and 1923, would be able to convert them into the new issue.

It is understood that the issue of the cash loan announced by Sir Robert has been contemplated for a long time by the exchequer. After allowances for depreciation and the payment of death duties by means of war bonds about £300,000,000 of obligations will mature during 1921 and early in 1922, of which £82,000,000 are in the United States and Canada.

During the next five years England will have heavy maturing obligations. They form the black cloud on the financial horizon and the government is anxious, so far as possible, to clear away this embarrassment.

AN AFRICAN RESERVE BANK

The South African Reserve Bank, just established under the Currency and Banking act of that colony, has a

capital of £1,000,000, of which £300,000 has been allotted to banks, the remainder being issued for public subscription at par, and no stockholder other than a subscribing bank and the treasury may hold more than £10,000. Dividends are limited to ten per cent. and surplus profits in certain definite proportions go to reserve. When the reserve fund is equal to the paid-up capital, the net profits, after payment of a ten per cent. dividend will go to the Government.

France

FRANCE MAINTAINS EXPORT MARGIN

The continuing surplus of exports over imports in the foreign trade of France, a phenomenon not witnessed in many years, excites great interest. In

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Capital and Reserves . £110,000,000

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Representative for the United States

J. G. van Breda Kolff

14 Wall Street, New York

the month of May the total exports reached 1,649,000,000 francs, as compared with 1,565,000,000 imports, and for the first five months of 1921 exports exceeded imports by 365,000,000 francs. In the same months of 1920 imports exceeded exports by 7,894,000,000 francs.

CREDIT NATIONAL'S FIRST STATEMENT

According to its first annual statement, the Credit National, which was instituted under the auspices of the French Government principally to finance industrial reconstruction, has advanced for this purpose 5,287,477,166 francs out of an available fund of approximately seven billions. This money was obtained chiefly by the flotation of two bond issues which were absorbed by the French public.

The enlarged activities of the Credit National are illustrated by figures from its report just received by the Bankers Trust Company, of New York, from its

French information service, which show that within a year its individual accounts increased in number by over 251,000. In the first three months of its existence, up to March 31, 1920, the accounts opened with the institution numbered 2,451. On April 1, 1921, the number was 254,000 and applications for funds recently have reached over 4,000 daily. The number of disbursements now exceeds 59,000 per month.

In addition to five billions in reconstruction advances, the Credit National's report discloses that approximately sixty-three million francs have been loaned to industrial or commercial firms in the devastated regions. Under the law the Credit National can make on its own responsibility loans for periods not longer than ten years or less than three years in aid of the development of industrial enterprises established in France and belonging to French subjects.

The institution is authorized to issue

Bank of British West Africa

Head Office, London



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bonds on which the interest is paid by the state and also bonds on which it as a corporation assumes interest payment. The large funds, above mentioned, were obtained on bond issues guaranteed by the government.

The Credit National still has available for current business more than two and one-quarter billion francs, of which about 1,850,000,000 francs are reserved for financing war damage accounts and loans.

Germany

GERMANY AT WORK

The London representative of the Guaranty Trust Company of New York has returned from a tour of observation in Germany, during which he visited Berlin, Essen, Dusseldorf and Dortmund and the agricultural districts between Berlin and the Dutch-German frontier. He reports that Germany, despite her handicaps, is thriving.

"All the way from the Dutch border to the German capital was an unending panorama of waving grain," he says. "The German crops are unusually far advanced. Both the rye and wheat crops are far advanced. While a large number of locomotives are in bad order, there is considerable railroad reconstruction under way, and new canal construction. Wherever there was a chimney stack it was belching smoke. Compared with Holland, there is marked absence of cattle and horses, and the labor in the fields is being performed almost entirely by women. In Berlin the hotels are all crowded. The price of accommodation in Berlin is about the same as at hotels of a corresponding class in Paris and Brussels, prices having been raised to cover the depreciation in exchange. There is ample supply of food of all kinds, and even fresh milk is now available for families with children. Those without children use canned milk.

"In the great locomotive shop of the Krupp works at Essen heavy locomotives are turned out complete at a rate of one a day. In another shop wagons are manufactured at a rate of eight a day. In still another building nearby five-ton lorries were being manufactured alongside of small motor scooters.

"The articles manufactured at the Krupp works today cover a surprisingly wide range. They include railway supplies of all kinds, cash registers and adding machines, surgical instruments, doors for safes, Diesel engines, iron and steel products of all kinds, machines for textile and paper industries, apparatus for moving pictures, dredges, floating docks, pneumatic tools. The Krupp works are also manufacturing machinery for making artificial teeth. They are not only manufacturing the machines to make the teeth, but they are also manufacturing the teeth. The Krupp works are turning out this large variety of goods with exactly the same workmen who made war munitions. Every tool used in the manufacture of war munitions is being used to manufacture the articles of peace. Even swords are being beaten into candlesticks.

"At the Germania Shipbuilding plant owned by the Krupps in Kiel-Gaarden, they are employing more men than before the war, about 100,000, compared with 86,000 in July, 1914."

Italy

THE ITALIAN SITUATION

The annual report of the Banco di Roma gives a short account of the effects of the industrial crisis upon particular industries in Italy.

The greatest sufferers are those industries which, while feeling like others the effects of the general situation and the rigors of taxation are also affected

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by a more rapid increase in the cost of production owing to the purchase of raw materials, on unfavorable conditions in respect of price or exchange, or to the rapid rise in wages. Among these, the automobile industry is the most seriously affected. The situation is less grave, however, in the other engineering industries, that of railway construction, which is governed by exceptional conditions, being entirely unaffected. In the metallurgical industries also, owing to particular cases, there is a material reduction in steel production, and in numbers of works the supply of raw materials is becoming exhausted.

The decreased activity of many undertakings has naturally restricted the use of electric energy, and the electrical industries are suffering indirectly from the general crisis. In Lombardy the consumption of current has been diminished twelve per cent. The rubber industry is in a similar position owing

to its dependence on other trades, the automobile industry in particular, while on the export markets it has to contend with German competition. In the chemical industry also competition is greatly felt, especially in dyes, in which branch it is due mainly to German products consigned on reparation account and placed on sale at prices lower than those quoted on the open market by the German trade itself. In the pottery and glass trade, on the other hand, competition from Czecho-Slovakia is very keen, goods from that country being sold at less than half the prices quoted by the Italian trade. The paper trade has now to meet competition both from Germany and Bohemia.

Notwithstanding the crisis, the unfavorable situation is being faced energetically. Several symptoms favorable to a satisfactory solution of the existing difficulties are discernible. But the fact most worthy of notice as contributing to lessen the costs of produc-

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tion is the altered aspect of the labor question. During the war, owing to the urgent necessity—particularly in the metal industries—of recruiting veritable legions of operatives, little care could be taken to treat the wage question from a purely economic standpoint. Today, in view of the crisis and the restriction of production, the formulation of fresh claims by labor is no longer economically conceivable. Moreover, the decrease in labor agitation shows forcibly that a saner conception of actual economic conditions is gaining ground. The increased productivity of labor, no longer diverted from its functions and distracted by endless struggles, and the deceptive mirage of impossible conquests, together with the general improvement in trade and the gradual cheapening of raw materials, cannot but bring about that reduction of costs which is the vital problem to be faced by Italian industry at the present moment.

Cuba

SITUATION STILL UNCERTAIN

After an intensive study of the Cuban situation a leading executive of one of the larger New York financial institutions with interests on the island has reached the conclusion that the worst of the Cuban crisis is over, that the turn for the better has come, and that the threat existing in the situation has been definitely removed. Admitting that conditions on the island are still difficult, he holds that gradual, if intermittent, improvement will be observed from now on.

This view stands out from the general run of opinions and rumors regarding Cuba in the financial district, which are conflicting in the extreme. It represents the conclusion of a man who is known as something of a student of

Latin American affairs and is the most positive assertion of an optimistic nature that has been recently made on the subject.

"We have had no information from Cuba which would show that any particularly serious events are impending there," said the representative of one of the principal banking interests on the island. "The banks which we feared would fail have failed. There may be some further commercial bankruptcies, but I can see nothing in that prospect to get worried about. Everybody knows what the situation on the island is. Cuba is going through a period of readjustment similar to if more violent than what is happening in the United States. The wisest course now is to allow full rein to natural economic laws and there is no question but what the situation will right itself. It cannot be accomplished over night and there is no particular action which can be taken that would hasten it, in my opinion. The only policy for the present is to await developments, meeting each difficulty as it arises.

"One reason why the Cuban crisis has been so slow in clearing up is the attitude of the Cuban people. They seem satisfied for the most part to lie on their backs shouting 'Help!' and wait for somebody else to pull them up, while making no effort to help themselves. There are some things which the Government might have done to help matters which were not done for this reason and for which it is now too late, due to the expiration of the moratorium measures. Politics is played to the limit and tends to delay action."

Whether Cuba will be able to arrange a loan here in response to her cries for assistance is doubtful, in the opinion of this banker, who feels that first the people will have definitely to initiate remedial measures on their own behalf. He was outspoken in opposition to schemes savoring of valorization and also to artificial remedies, which would only defer the readjustment.

"A good deal of talk is heard that the sugar finance commission has worked to hold prices up," he said. "As a matter of fact it has done nothing of the sort, it being recognized that this was beyond its power, as Cuba had no monopoly of the sugar supply. What it has done is to get Cuban sugars under one control so that they may be held for more favorable conditions. With the bottom fallen out of sugar prices, the effect will be to restrict production next year, and this will mean a gradual return to levels where the return to the grower will cover the cost of production. When that point is reached the solution of Cuba's troubles will be in sight."

BANK OF ISSUE PLANNED

Purchase of 600,000 tons of sugar and the creation of a bank of issue along the lines of the Federal Reserve Bank of the United States are means by which the Government of Cuba intends to solve the present financial crisis "firmly and quietly, without impairing in the slightest the sovereignty of the republic."

This program was announced by Jose M. Cortina, secretary of the presidency and chief of the cabinet, and approved by President Zayas.

While it was admitted that the Government's floating indebtedness exceeded \$30,000,000 and that customs receipts had declined thirty-three and one-third per cent. during the last two months, it was denied that this constituted a menace to the Government's solvency, since economy measures already in effect assured prompt payment within a reasonable period.

Senor Cortina added that a loan, if one should be floated by the Cuban Government, would not necessarily be connected with the proposed bank. He asserted that such a loan probably would be for \$40,000,000.

Canada's Western Seaboard



FOREST products including manufactures thereof, valued at more than seventy million dollars in 1919, are but one indication of the industrial activity in British Columbia, which contains over half of Canada's great resources in standing timber.

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South America

BRITISH BANKER DISCUSSES CONDITIONS

Quite the contrary of American competition in the development of the markets precipitating a trade war in which the large exporting countries of Europe will strive vigorously to retain their supremacy against invasion by the United States of a field in which they have long dominated, Europe, especially England, welcomes American cooperation as a factor which must react to the benefit of all, says Louis H. Kiek, prominent British banker.

"Enlightened European opinion recognizes that of all world nations, today the United States, more than any other, possesses both the capital and material so necessary to the larger beneficial development of only partially developed

countries," said Mr. Kiek. "Anything that will add to the world's earning power must react beneficially not only to one nation, but to the world at large. Hence, rather than rousing antagonism, the cooperation of American enterprise as a friendly rival and competitor is welcomed by Europe."

Mr. Kiek, who is general manager of the Anglo-South American Bank, Limited, one of the largest and most important of the British export banks, is returning to England after eleven months absence touring South America visiting the numerous branches of the bank and surveying conditions. He is an authority on Latin American affairs, and his business in the interest of his bank and affiliated institutions, the British Bank of South America and the Commercial Bank of Spanish America, took him to Brazil, Uruguay, Argentina, Chile, Patagonia, Peru, Ecuador, Colombia, Costa Rica and Mexico.

In all the countries visited by Mr. Kiek, he met and conferred with busi-

ness leaders and Government officials and was enabled to get a clear-cut perspective of the situation. He left London in July, 1920, and is now returning after visiting the San Francisco agency of the Commercial Bank of Spanish America, and a very brief stay in New York visiting the agency of the Anglo-South American Bank at 49 Broadway.

Relative to conditions in South America, he said: "I found in practically all countries evidence of the universal world crisis prevalent everywhere, incident to the cessation of the sale of their own staple products owing to a severe fall in prices and almost complete stagnation of consumption. This accompanied by embarrassment caused simultaneously by over import of manufactured goods at high prices soon after the armistice, payment for which has become difficult, has precipitated a critical situation from which the merchants are having a difficult time in extricating themselves. This embarrassment is due partly to a falling off in the export of the natural products of the countries, such as coffee, sugar, cocoa, and metals, and partly to the unfavorable effects of the heavy depreciation of exchange, all of which has brought about a severe dislocation approaching a virtual trade paralysis."

Asked if the peak of the crisis had not been passed and the way now clear to immediate improvements, Mr. Kiek said, "In my opinion the crisis has not yet passed. These countries are still experiencing great difficulty in financing their imports, and owing to the great falling off of the import duties which form a large proportion of the national budgets, many of the governments are hardput to balance their budgets and meet their heavily increasing expenditures for governmental purposes. Before any marked improvement can be expected a drastic policy of economy both on the part of the governments and individuals will have to be practiced, especially until the economic and political situation in Europe is improved."

Mr. Kiek stated that he had found throughout South America much evi-

dence of United States enterprise. Asked as to the attitude of British and European interests as to American participation and presence as competitors in the development of South America which prior to the war was controlled from the opposite side of the Atlantic, he stated that of recent years the United States had undoubtedly discovered, and was profiting by, the possibilities of the growing young republics south of the Isthmus and their opportunities for development.

"Although representing a number of British enterprises, I personally have always welcomed the cooperation of the United States in the development of Latin America," he said, "especially now that the United States is in a better position than any other country to supply the capital and materials necessary to their proper development."

"I feel too that all enlightened European opinion welcomes the cooperation of American capital and enterprise in the development of these countries, an enterprise which, if undertaken with caution and judgment, and attention to conditions prevailing therein in comparison with conditions in Europe and the United States, is large and wide enough for all. Successful participation in this great field, however, requires intelligent and enlightened enterprise. Any efforts so directed and resulting in promoting the prosperity of these countries and improving and increasing the earning power of their populations, will redound not only to the benefit of the United States, but of Europe as well. Naturally great care and judgment are required, and many pitfalls must be avoided. There, as elsewhere, indiscriminate granting of credit injures those it is intended to benefit, as well as those who grant it. Here, again, judgment should be exercised in this important relation."

Besides being general manager of the Anglo-South American Bank and chairman of the Commercial Bank of Spanish America, Mr. Kiek is a director of several important British companies operating in South America, and has for many years been closely identified with



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South American affairs. During his stay in South America he made a journey by airplane from Buenos Aires to Montevideo and thence to southern Brazil to visit branches of the affiliated British Bank of South America, covering in ten days by that mode of travel, ground that by ordinary steamer routes and railway would have taken at least five weeks. Commercial aviation, he stated, had made quite an advance in Argentina, where, by virtue of the character of the country, admirable conditions prevailed for the promotion of that form of transport.

Asked as to present-day conditions in England and Europe generally, Mr. Kiek said, "I imagine you are far better posted on these than I, who have been away from there for nearly a year, and have been traveling all that time. But it must be clear to all that we are still suffering from the unrest and grave discomforts under which the process of after-war readjustment is proceeding toward the real peace for which the

world has for so long been longing. It is a fearfully trying and painful process, and it would be foolish to ignore it; a perilous travail for the birth of a new, and, we all hope and pray, a happier world.

"In these conditions and observing all the difficulties under which Europe is laboring, and the troublesome, perplexing problems still to be solved, the careless optimism which disposes of our doubts and dangers with pleasant platitudes is the least helpful, and, indeed, the most futile of all remedies. There is no room for the easy, airy, all-will-be-well-tomorrow attitude. But now, more than ever, will cool-headedness, courage and confidence be justified, and the business community of your great country, the men who really count, those who direct the destinies of your powerful institutions fully know, I venture to say, that in frank and cordial cooperation between us lies the hope for the ultimate guarantee of gradual, perhaps slow, but enduring improvement."

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EXTEND AMERICAN TRADE OPPORTUNITIES IN VENEZUELA

An increase in trade between Venezuela and this country is looked for as a result of the appointment of three commercial agents here, announced by Dr. Esteban Gil-Borges, Venezuelan minister of foreign relations.

Dr. Gil-Borges came to the United States to attend with President Harding the unveiling of the statue of Simon Bolivar and took occasion while here to visit a number of important cities and study various industries while investigating the possibility of strengthening American-Venezuelan commercial relations.

Dr. Guillermo Todd will act as Venezuela's commercial agent in New York and Dr. E. Arroyo Lameda in Boston, while the name of the occupant of the post in Chicago will be announced shortly.

"These agents are in addition to our regular consular service in the leading

cities," Dr. Gil-Borges explained in making the announcement. "They will work under the newly created bureau of commercial policy of my department and will assist in developing trade between this nation and our own. Only a beginning has been made in utilizing the enormous natural resources of Venezuela, its oil, rubber, hides, sugar, cacao, copper, etc.

"Our commercial representatives will seek outlets for these and other products in your country and will also endeavor to interest your exporters in cultivating the Venezuelan market. American investors anxious to avail themselves of the opportunities afforded by Venezuela today will also be able to obtain valuable data from these agents.

"Everything today points to increased commerce between the two countries. Industrialism has been far advanced in the United States for many years, but during the war you were compelled greatly to expand your manufacturing facilities with the result that

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they can now produce more fabricated articles than you can consume and that they can use more raw materials than can come from your own country. Your industries must go elsewhere for part of their raw materials; a goodly percentage of their products must be sold in foreign markets if the country is to be prosperous. Venezuela is anxious to supply you with raw materials and to buy from you finished products, as our own industries are not fully developed—indeed, we have only begun to utilize the vast natural resources of our land.

“Nor is the exchange situation a bar to trade. The bolivar is at a slight discount as compared with the dollar, but it is stronger than the pound, franc, lira or practically any other monetary unit. Indeed, it would not be surprising if the advantage which the dollar now holds were to swing in our direction when our big exports of coffee and other products begin to make their influence felt.

Far East

JAPAN'S FOREIGN TRADE

Japan's foreign trade for the first three months of 1921 showed a total shrinkage of Yen 743,598,000 from the amount for the first quarter of 1920, according to a report of the department of agriculture and commerce of Japan. Part of this decline amounting to \$375,000,000 is, however, accounted for by the decline of export prices.

The total value of Japan's foreign trade between January and March of 1921 was Yen 603,564,000—exports amounting to Yen 245,531,000 and imports to Yen 358,033,000. The excess of imports, therefore, is Yen 112,502,000. Compared with the business being done by Japan in the corresponding period of 1920, it represents a de-



Wherever Portuguese is Spoken

Fifteen million persons use the Portuguese language as a means of commercial intercourse. Every country where Portuguese is spoken is reached directly through the New York Agency of the Banco Nacional Ultramarino. This institution maintains 78 branches in Portugal, Brazil, East and West Africa, India and the Far East as well as in London and Paris, and has behind it a record of 57 years in international trade.

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crease of practically Yen 300,000,000 in exports and close to Yen 500,000,000 in imports.

Only two of the twenty-eight principal products entering into Japan's export trade, the Yokohama Chamber of Commerce Journal points out, showed a gain. These are copper (Yen 890,000) and beer (Yen 440,000.) Only five of the twenty-eight principal products imported into Japan showed increases. These were machinery, woolen fabrics, india rubber, lead and iron pigs.

BANQUE INDUSTRIELLE DE CHINE

Hope has been expressed that the Banque Industrielle de Chine, which ceased operations June 30, may yet be reopened. A strong movement is afoot in France to avoid the loss of French prestige in China by saving the bank. The institution has been regarded as one of the corner stones of French influence in the Orient.

The French newspaper, *La Liberte*, pretty well expressed the French viewpoint with regard to the importance of the bank to French aspirations in the Far East with the following comment:

"The event has particular importance considering the bank's influence. It means to abandon the great public works in Peking which would have made the Chinese capital city a city of French influence; abandon the works in the harbor of Piellow, destined to become a great port of the Yang-tse River, the junction of the brief railroads of Northern China; abandon the railroads of Setchouen, an immense network to be stretched around North Indo-China and creating a zone of French influence on the boundaries of the latter; also abandon the rights to priority on revenues of tobacco, alcohol, the stamp and registration taxes—that is to say, all the Chinese revenues which would become the keystone of Chinese credit in the future and the collateral for all her industrial loans. The organization of



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these revenues would naturally involve vast administrations wherein the language used would be that of the French concessionaires. In China commercial opportunities follow the language. The bank disaster in France means that the position of Frenchmen there will be inferior to that of the Japanese, English, Americans and Germans, who will take what we let fall and benefit by our failure."

Philippine Islands

THE PHILIPPINE CRISIS

According to a dispatch to the *New York Times*, unless speedy Congressional aid is forthcoming the Philippine Government must go into bankruptcy. This situation is due principally to the troubles of the Philippine National Bank.

The insular Government until recent-

ly had on deposit with the National Bank about 70,000,000 pesos in cash. Besides, it had in 1918 and 1919 a gold reserve fund of \$41,000,000 in the United States in accordance with law, which it used to maintain the pesos at par of two for one with the gold dollar. During Governor General Harrison's administration this gold reserve was placed to the credit of the National Bank's New York branch, which sold exchange against it and thus transferred the money to Manila, which lent it out and cannot now liquidate the loans.

A few weeks ago the Government's deposit in the National Bank was reduced on paper to 50,000,000 pesos, when about 20,000,000 pesos were put into National Bank stock, the paid up capitalization of the institution being increased by that amount. While this still leaves 50,000,000 pesos in cash to the Philippine Government's credit on the books of the bank, its cash reserve is below the twenty per cent. of deposits required by law.

It is claimed that the bank's assets,

comprising outstanding loans and bills receivable, more than cover the Government's cash deposits, but the collection of this money is out of the question now. The provinces outside Manila have 11,000,000 pesos deposited in the bank.

The Government has now reached a point where it must have more cash to carry on properly, at reduced revenues, owing to the stagnation of imports and curtailed local business, have made an imperative call upon the cash balance in the bank, but the Government refrains from taking this cash, because it knows the bank lacks money. Unless further funds are forthcoming, the Government will be seriously embarrassed in its operations, even though wholesale economies are being effected.

On the other hand, the national bank must have money to carry out its obligations and finance the country's business and industry. Private banks are not in a position to extend further aid. They have done everything possible, and their capital is already tied up in commercial loans, for which there is little prospect of early liquidation.

So precarious is the general state of business that unless the national bank immediately comes to the assistance of important business and industrial enterprises, a panic owing to wholesale failures may result. Some incidents of this result would be the taking over of important local enterprises by foreign interests. This is why the Philippine Government is asking Congress to increase the present indebtedness limit of \$15,000,000 gold to \$55,000,000 or \$60,000,000.

FIGURES ON TRADE

The foreign trade of the Philippine Islands in 1920 was nearly ten times that of 1899, the year the customs were taken over by the American Government, according to statistics issued by the Philippine Government Commercial Agency.

In 1920 it was \$300,562,130, about \$30 per capita; in 1899 it was \$34,039,568, about \$4 per capita.

The gross customs receipts in 1899 were \$3,106,380. In 1920 they were \$8,878,932.50. In 1899 the cost of collection was one-half cent a dollar; in 1920 it was 4½ cents. The import duties in 1920 were \$7,245,093.28, as against \$5,767,614.82 in 1919. As goods imported from the United States are not dutiable these figures indicate increasing imports from other foreign countries.

Central Europe

AUSTRIAN IMPROVEMENT FORECAST

The delegates of the League of Nations have drawn up a program for the economic rejuvenation of Austria grounded on the belief that Austria is capable of an independent existence. A recent monthly report of the Anglo-Austrian Bank comments as follows:

"Assistance in the form of credits is to be given to Austria until such time as she shall again have found her economic balance in all quarters—in private undertakings and in the budgets of the state, the provinces and the municipalities. The opinion is that credit assistance will be needed for at least two years to enable the country to right the present unstable state of affairs. It is not possible for anyone with certainty to fix the point where this goal will be reached. This applies above all to the exchange situation.

"Under certain circumstances nothing could do more harm to Austria's effort at recovery than a precipitate raising of the crown exchange. Because of rumors that the Austrian Government had bound itself by agreement to hinder the rise of crown exchange above a certain level by effecting a permanent depreciation of the currency, the Government issued a vigorous denial. The assurance of the Government that no such measures are contemplated may be credited.

"The large reserves put aside from

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Reserve Capital	.	.	.		3,750,000
Subscribed Capital	.	.	.		7,500,000
Reserves	.	.	.		2,825,000
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the profits made in 1920 have had a beneficial effect on the Viennese banks, enabling them practically to break with the past. After the collapse of the Empire these banks were threatened with heavy losses and had things gone according to the desire of some of their opponents, their existence would have been directly menaced. The large profits which have been earned for two years and the satisfactory development of the large resources which the banks have at their disposal, together with the payment of only moderate dividends, have permitted the establishment of reserves for the meeting of liabilities entered into during and before the war. The arrangements now being made by the Laenderbank as well as by our own institution with regard to English liabilities incurred on behalf of clients are of great importance in this connection as is also the impending settlement of the debts owing to France. It will be readily admitted that this strengthening

of the Vienna banks is a most hopeful factor in Austrian economic conditions."

RUMANIA FACES BIG DEBT

Greater Rumania is confronted by the unpleasant task of providing about 20,000,000,000 lei early next year for the redemption of debts falling due. Creditors of the state are to be found in almost all the large countries.

The minister of finance in a statement issued recently declares that the entire debt amounts to 27,310,000,000 lei, of which two-thirds are due within a year. The real debt, however, is much larger because the minister has conveniently selected the prewar values for transforming foreign moneys into the Rumanian equivalent. Thus, for instance, he figures the pound sterling at 25.22 lei, while the actual quotation in London is now 220. The minister of finance says further that Russia owes Rumania 15,200,000,000 lei, which debt is guaranteed by the Entente, and that

Rumania expects to receive 1,000,000,000 marks from Germany as its share in the reparations payments.

When the Germans invaded Rumania in 1916 the Rumanian Government destroyed the petroleum wells and pumping machinery as a war measure demanded by the army leaders of the Allies. The latter have acknowledged their responsibility for reimbursing the owners, but so far nothing has been done and not even a survey of the damage has been made. The minister of finance says he is endeavoring to bring this matter to the attention of the Entente Powers. He announces some new taxes, as the budget shows a deficit.

Scandinavia

DANISH EXPORTS FOR 1920 DOUBLED 1919 TOTAL

The New York Trust Company's Scandinavian representative reports that statistics covering Danish exports and imports for 1920, which are now available, show an improvement of kr. 280,000,000 in the trade balance, as compared with 1919. The imports, which in 1919 amounted to kr. 2,394,000,000, rose in valuation to kr. 2,949,000,000 in 1920. Exports for 1920, however, were more than double those of 1919, the totals for the two years, respectively, being kr. 1,575,000,000 and kr. 740,000,000.

The gain in export trade was attributed chiefly to increased output of agricultural products. Although the total value of imports has risen, an examination of details shows a favorable trend as compared with returns for 1919, since there were greater imports of raw and auxiliary materials and declines in receipts of food and similar products from foreign countries.

Denmark's imports from the United States in 1920 amounted to \$85,074,449, as compared with \$163,957,478 in 1919 while exports to this country rose

from \$6,201,750 in 1919 to \$20,573,746 last year.

Manufacturers in Denmark, as in some other countries, have asked for aid in the form of protective tariffs. The Government, however, has declined to grant these appeals, but has bent its energies toward developing new channels of foreign trade. A small loan has been granted to Finland, which has been facing severe economic depression, and negotiations with Czecho-Slovakia have been followed by the founding of a Czecho-Slovak Chamber of Commerce in Copenhagen to promote trade relations between the two countries.

BONDERNES BANK, CHRISTIANIA, NORWAY

Bondernes Bank, Christiania, Norway, was established in the summer of 1918, with a fully paid up capital of kr. 10,500,000, divided into 21,000 shares of kr. 500 each, which are personal, and further with a guaranteed capital of kr. 5,000,000, divided into 5,000 guarantees of kr. 1,000, each, issued by Norwegian cooperative associations and savings banks. The paid-up shares and guarantees referred to are equally responsible for the engagements of the bank.

Its purpose is to finance the great cooperative associations, to serve as a central institution for most of the Norwegian savings banks and to be the Farmers Bank, i. e. the bank of the agriculturists and their various organizations.

Mr. Medboe, managing director, was the originator of A-S Revisionsbanken, Christiania, whose managing director he had been from the start. Bondernes Bank opened its office at Christiania late in the autumn of 1918 and has since started, in the early part of 1919, branch offices at Stavanger and Trondhjem. It is further contemplated to open up similarly, and with as little delay as possible, at Christianssand S., Bergen, Aalesund and Molde and one of the towns in the north of Norway.

The foundation of Bondernes Bank was laid by the Cooperative Associa-

National Bank of Commerce in New York

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**Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars**



tion of Norwegian Farmers, at Christiania, which, until Bondernes Bank was started in 1918, conducted a banking department.

The purpose of the Cooperative Association of Norwegian Farmers is to supply the purchasing unions with such goods as the annual meeting decides to be distributed through the associations and, which at present, comprise the following articles: Concentrated cattle foods, fertilizers, household flour, seeds, fencing and framework articles, farmers' implements and machines, petrol, benzine and cement.

The purchasing unions and their members have bound themselves to cover their requirements of these articles through the association.

Bondernes Bank is receiving from the agricultural associations and unions all their letters of credit, such purchases already involving more than 100,000,000 kr. a year. In keeping with the extending activities and closer co-

operation of the various agricultural associations and unions in Norway, the business of their "Central Purchasing Institution" is bound to increase considerably, and it is expected that Bondernes Bank before very long will finance imports to the value of several hundred million kroner.

It is fair to assume that the bank will receive continuously growing support and business from the Associations of Norwegian Forest Owners, as many are members also of agricultural associations. The organization of the fishing industry in Norway also seems inclined to cooperate with, and thoroughly support Bondernes Bank.

Already more than 200 of the rural savings banks in Norway have closely associated themselves with Bondernes Bank which is acting as their central institution, and the number of such savings banks will undoubtedly be gradually and steadily increasing.

Since Bondernes Bank was estab-

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In other words, this service is a Bank's *experienced and reliable world correspondent*—covering every detail of foreign commerce thru a single arrangement. It is a strong and profitable link between any Bank and its customers who have thoughts of Foreign Trade.

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INTERNATIONAL BANKING—SHIPPING—TRAVEL AND FOREIGN TRADE

lished it has already assisted in, or itself arranged, loans to several corporations and county councils. Although the state of the international money market at present does not offer inducement to float such loans abroad, Bondermes Bank, it is reasonably presumed, would be in an excellent position to cooperate, whenever altered conditions make it possible to open negotiations in that direction.

Spain

THE DECLINE OF THE PESETA

The decline in the value of the peseta is due to a number of causes, according to the *Manchester Guardian*. During the war the Government borrowed at four per cent. and permitted the Bank of Spain to fix the bank rate at the same figure. With the exchange in favor of the peseta during that period and the great demand for capital abroad, investors could get a much higher interest rate by investing in foreign securities, and a large amount of capital left the country.

The prosperity of Spanish commerce and industries during the war resulted in the accumulation of large profits. These, for the most part, were not spent in the extension of plant facilities, but were used for speculation in foreign exchanges and commodities, some of the banks even engaging in these activities at the expense of commercial credit at home. Part of these profits was spent on luxury goods, imported from abroad in ever increasing quantity in the two years since the armistice. Largely as the result of these changes, the balance of trade for 1920 was unfavorable to Spain to the tune of about 400 million pesetas, as compared with a favorable balance of 417 millions in 1919.

The Royal decree of October last authorizing the Bank of Spain to increase the note issue to 5,000 million pesetas

may have had some adverse effect on the exchange rate, but it does not seem likely that this can have been a very important contributory cause. Even with this inflation of the currency the gold reserve in the bank bears a ratio of 58.6 per cent. to the paper outstanding, in comparison with 28.1 per cent. before the war. The actual ratio of gold and silver in the bank's vaults to notes issued stands at the high figure of 71.6 per cent.

Several authorities, including a former premier and minister of finance, have pointed out that the Bank of Spain has not made use of these great reserves, amounting to some 2,500 million pesetas in gold and nearly 600 millions in silver to give proper support to business enterprises and to other banks. Nor has it pursued the vigorous policy necessary to tide the commercial and industrial concerns over the period of depression, preferring, apparently to maintain a very conservative position.

When to all these factors in the situation are added the general depression and uncertainty as to the future of Spanish industry and commerce and the menace of syndicalism and agricultural unrest, the causes for the fall in exchange are reasonably clear. The drop, however, is not appreciable when compared with the exchange rate in other European countries. With the great natural resources of the country and the impetus which the war gave to the spirit of development, the outlook should improve as the world returns to normal.



International Banking Notes

The report of the directors of the Western Australian Bank, Perth, Western Australia, for the half-year ending March 28, 1921, showed net profits, after providing for bad and doubtful debts, interest, rebates, expenses, etc., of £32,806 19s. 3d.; balance from previous half-year, £20,562 3s.; total, £53,369 2s. 3d. From this was paid a dividend of £1 a share, free of dividend duty,

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.



(₱0.50 = 1 peso)

Capital fully paid-up (pesos) 6,750,000.00

Reserve Funds 4,900,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

amounting to £25,000. There was carried forward £28,369 2s. 3d.

The resignation after thirty-one years of association with the bank, of H. D. Holmes, general manager, was accepted. He was made a member of the directorate. R. L. Herbert was appointed to succeed him as general manager.

⊙

The Banco di Roma, through Rodolfo Bolla, its American representative, has inaugurated a monthly bulletin service which deals with current events in Italy of interest to American business men, manufacturers, exporters and importers, as well as covering political and economic affairs of general interest.

⊙

The Bank of Canton, Ltd., and the Merchants Bank, both with headquarters in Hong Kong, are to open branches in New York in the near future, according to the *China Trade Bureau*.

⊙

Deposits of the nine principal banks in Poland are stated to have risen from 1,666,-

000,000 marks at the end of 1919 to 6,256,000,000 at the end of 1920. It is added, however, that even this inflation of deposits is not in proportion to the increase of prices; the expansion of deposits having been fourfold during the year, whereas prices increased tenfold.

⊙

The Commercial Bank of Spanish America, Ltd., of New York city, advises the opening of a branch at Cartagena, Colombia. The same bank has branches also at Barranquilla, Santa Marta, Bogota and Medellin and agents in the other principal towns of Columbia.

⊙

J. G. van Breda Kolff has been made representative for the United States for the Rotterdamsche Bankvereniging. His offices are at 14 Wall street, New York City.

⊙

The chairman's report at the recent annual meeting of the National Bank of Greece at Athens, in denying that the currency of Greece was unduly inflated,

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Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

		(\$5=£1.)
CAPITAL (Authorized)	- - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - -	15,000,000
PAID-UP CAPITAL	- - - -	10,200,000
RESERVE FUND	- - - -	10,500,000

DIRECTORS.

R. BOSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. REAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
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ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordeba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2123 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago, Antofagasta. **UNITED STATES OF COLOMBIA:**—Bogota. **PARAGUAY:**—Asuncion.

Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

pointed out that according to his reckoning the per capita circulation of Greece, measured in drachmas or francs, was 802.70 as against 253.28 in the United States, 283.25 in England, 801.83 in Belgium, 808.46 in Rumania, 910.50 in France and 1938.54 in Germany.

©

The New York agent of the National Bank of South Africa, Ltd., reports having received the following cable from Pretoria:

The annual meeting of shareholders of the National Bank of South Africa was held at Pretoria on June 29, the chairman of the board of directors, the Hon. Hugh Crawford, presiding.

In his speech Mr. Crawford reviewed the balance sheet figures as at March 31, 1921, which showed:

	Pounds
Paid-up capital	2,965,000
Reserve fund	1,250,000
Deposits	48,045,800
Notes in circulation	4,526,000
Total cash assets	12,440,000
Investments	3,756,769
(All gilt-edged written down to or below market quotations)	
Bills of exchange	8,982,300
Liquid assets	25,179,500
Bills discounted, loans, etc.	33,332,000

The net available profits, after allocating

£50,000 to reduction of bank premises, and making full provision for all bad and doubtful debts, amounted to £338,881.

The board recommended a dividend of eight per cent. absorbing with the dividend already paid £237,200. They, also, recommended an allocation of £60,000 to officers' pension fund and £50,000 to reserve fund, making the latter £1,300,000. The capital and surplus fund of the bank now amounts to £4,265,000. The amount of profit carried forward was £34,881.

All the above recommendations were adopted by the general meeting.

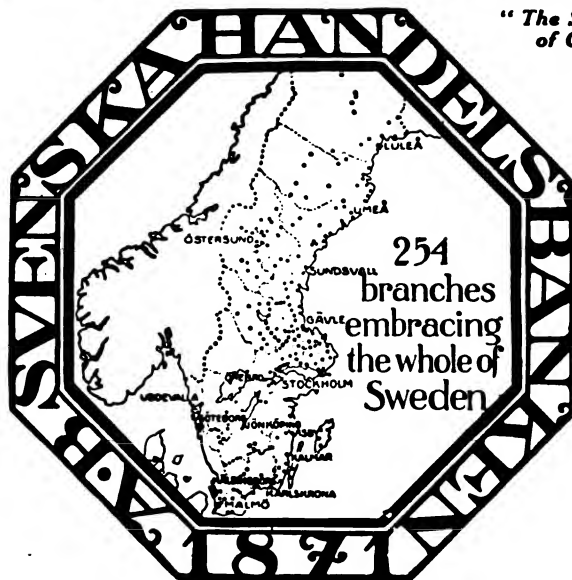
The chairman in his speech made a survey of the mining industry farming and commerce of the country and he expressed the opinion that the existing depression in South Africa would prove to be temporary and the country's wonderful power of recuperation would prevail.

He referred to the recent legislation affecting banks and the establishment of the South African Bank, also, to recent arbitration relative to staff matters.

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Rodolfo Bolla, American representative of the Banco di Roma, at 1 Wall street, New

*"The Swedish Bank
of Commerce"*



Svenska Handelsbanken STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

York, is in receipt of advice from his head office in Rome to the effect that a vast program for the commercial and maritime development of the northeastern part of Italy is being put into effect.

One of the principal features of the program will be the enlargement of the present port facilities of the city of Venice and the creation of a new harbor which when complete will be again as large as the present harbor. It is estimated that it will take five years to complete these port facilities and improvements, the total cost of which will run into hundreds of millions of liras.

Another impressive feature of the industrial enterprises to be developed in connection with the harbor and port facilities is the construction of an immense hydro-electric plant at "Santa Croce," the construction of which will include the harnessing of a great part of the waters of the Piave River. This hydro-electric plant will take its place among the largest of its kind in the world, ranking with the immense hydro-electric plant at Niagara Falls.

According to the same advices, the Italian authorities have completed the installation and put in operation wireless telegraph service between Rome and other cities of Italy, and the Italian colonies along the

Red Sea and the Indian Ocean, with the object of furthering commercial relations and facilitating the development of business with the respective countries.

The installation of wireless telegraphy in connection with Sardinia is rapidly approaching completion and is expected to be put into operation soon.

Successful experiments have been conducted with wireless telephone between Marsala and Pantelleria, and in the near future wireless telephone service will be installed between these and other points in Italian territory.

It is further reported that the vast chemical and dye stuff establishments constructed in Italy during the war and since further enlarged and increased in number have now reached the stage of production where they can adequately supply the requirements of the Italian textile and other industries.

Special attention has been given by Italian industrial and chemical engineers to the production of benzol, toluyl, coal tar, and kindred products, thereby rendering Italian industry independent of foreign producers and taking another sound step towards the reestablishment of Italy's international trade balance.

A New Cash Register for Small Merchants

ANNOUNCEMENT has been made by the National Cash Register Company, that a new cash register designed to fill a long left want of thousands of merchants, has been placed on the market. The new machine, which is called the Class 1100, is a low-priced, high-grade register that issues a receipt with every transaction.

In the past many merchants who were starting in business, while realizing the great value of receipt printing cash registers, felt that they could not afford machines of that type because of their higher price. To fill the needs of these merchants, the National Cash Register Company determined to put a receipt printing register on the market at a price that would be within the reach of every one.

The company's corps of inventors set to work, a model was built, and given severe tests to make sure that it was up to the high standard set by other registers manufactured by the company. Then the register was placed in actual operation in stores, and met every requirement with success.

The new register is built in several different models, adapted for use in varied lines of business. At each operation of the register, a receipt is printed and issued. This receipt shows the merchant's name and address, the amount and number of the transaction, and the date.

The receipt is plainly printed, and is a splendid advertisement for the merchant and his business. It assures a square deal to every one concerned in all transactions, making satisfied customers, and thereby increasing trade and profits.

The receipt guarantees an accurate printed record of every transaction between clerk and customer. When a customer gets the receipt, with the amount in printed figures, the figures must be correct, or the customer will object. In this manner the customers

are protected from overcharges and mistakes in change, and the clerks are able to prove their accuracy and ability as salesmen. Correct records are enforced which cannot be lost or destroyed.

Another feature of the receipt is that it prevents the return of goods purchased at other stores. The sale number enables the merchant to tell at about what time the transaction was made. The receipt is also a great protection when children or servants come to the store to make purchases.

The new register has other valuable features that are to be found in all high-grade registers. When money is registered on the Class 1100 machine, the amount is immediately shown on the indication at the top of the register. A bell also rings each time the register is operated. These two features give publicity to every transaction, enforce records, and remove temptation by making every one in sight of the register an inspector of the sale.

At the same time, the register prints on a paper roll, called the detail-strip, a permanent record of every sale in the order in which it occurs. This gives the merchant a history of the day's business—a permanent record of everything that happens in his store.

Adding wheels within the register show the amount of money that has been taken in. These figures are under lock and key, available only to the proprietor, and can be reset at the end of the day, week, or month, as the merchant desires.

Key arrangements of the machines vary to suit the needs of different lines of business. The number of "No Sale," "Paid Out," "Charge," and "Received on Account" transactions are recorded, together with the total number of all transactions made. These are valuable records for all merchants to have.

Printed and added records in the register show the merchant how much

money should be in the cash drawer, before the contents are counted. In addition, the drawer offers a safe place for the merchant to keep his money during the day, as nothing can be removed without his knowing it. The cash drawer has large compartments for coins and bills.

It has long been recognized in the world of business that the receipt is

one of the fundamentals for business success. With the addition of the new registers, the National Cash Register Company is able to offer a receipt printing register suitable for every line of business. This is expected to revolutionize business methods for merchants of the country who heretofore have not had the advantages of receipt printing registers.



Present Conditions in Mexico

JOHAN B. GLENN, for the past five years Mexican representative of the Equitable Trust Company of New York, prior to that having been American Consul in Mexico from 1910 to 1917 with a total residence in Mexico of sixteen years, makes the following statement:

"Despite the more active business relations and movements of traffic, both commodity and passenger, now existing between the United States and Mexico I still find many erroneous ideas and misinformation prevalent in the United States regarding conditions in Mexico. General conditions in that country have mended to such an extent that it can be safely said that the situation is more favorable now than at any time since 1910; indeed, an almost daily improvement can be noted by one in a position to study the country's agricultural, industrial and financial conditions.

"Mexico at the present time, is a country without internal strife. There are no armed factions in the field, as many Americans suppose, and the present Government is, so far as I can observe, strongly entrenched. The fact is, that the entire population is surfeited with war and anxious and willing to engage in peaceful pursuits. The confidence with which the more substantial interests in Mexico view the present Government is reflected in a clarification and improvement of general business conditions. The commercial firms of Mexico City, for instance, have all

experienced good business during the past three years; for example, among the more important firms of the city only two failures have been recorded.

"Train schedules which, until recently, were an unknown quantity, are now in force and trains are running regularly from Mexico City to St. Louis and New Orleans. Some difficulties have been experienced during the past few months in the movement of large shipments of merchandise from Mexican ports and border points inland, due, mainly, to congestion arising from lack of sufficient rolling stock, and to strikes. These conditions, however, are now very much better and will be still further improved by the receipt of a large number of cars and locomotives, orders for which have been placed with manufacturers of railway equipment.

"A number of important trade excursions from the United States have recently visited Mexico City and other industrial and business centers of the Republic with the result that the visiting business men have been greatly surprised with the conditions as seen at first hand and have consequently established satisfactory and profitable business relations. Foreigners residing in Mexico are given adequate protection both as regards life and property.

"As far as my observation goes—and I may add that I know President Obregon intimately, as well as the members of his cabinet—the President commands the confidence and respect of his people

and, together with his cabinet, is apparently very friendly to the United States and is doing all in his power to increase the business relations between the two countries. They recognize fully that the proximity of the two countries is a great asset in the development of trade; convenient shipping facilities give the Mexican merchant a decided advantage in cost and time of delivery in dealing with the United States as against dealings with foreign countries.

"They are also taking up with zeal the many and serious internal problems arising from the years of internecine warfare. For instance, Mr. de la Huerta, the minister of finance, who despite reports to the contrary, I believe from my own observations is working in hearty sympathy with President Obregon, is devoting a great deal of time and effort to better the working conditions of the laboring classes in Mexico. Suffering among the laboring people has always been acute since the days of the Spanish Conquest. Even today, with the high wage scale prevalent throughout the world, the laborers on many Mexican plantations are receiving wages of only twelve and one-half cents per day. These conditions, of course, must be radically changed. The problems of transportation, education, etc., are also occupying their closest attention.

"The present Government is now preparing to make initial payments upon its foreign debt; it is the general expectation in leading circles in Mexico that all foreign obligations will eventually be paid off to the complete satisfaction of their holders. Also, as regards the much discussed Article 27 of the new Mexican Constitution, from what I have seen and heard, I am confident that it is not the intention of the present Government that this article be retroactive.

"As regards the signing of a treaty with the United States, whereby the President of Mexico agrees to carry out certain requirements (which treaty must be published and thereafter followed by recognition by the United States) I am convinced that President Obregon wishes and intends to carry out every provision of the treaty under discus-

sion; in fact, he has openly made this statement not only in the papers of Mexico but in the United States as well, which naturally, obligates him morally to comply, and this feeling of obligation is shared by everyone of importance in Mexico. President Obregon, however, cannot sign any treaty without the consent of Congress and the Mexican Congress feels that it would be a humili-



JOHN B. GLENN

Mr. Glenn is the Mexican Representative of the Equitable Trust Company of New York. He served as American Consul in Mexico from 1910 to 1917 and is an authority on Mexican affairs, having resided in various parts of Mexico for the major part of the past sixteen years.

ation to them to reverse the usual international procedure and sign a treaty before recognition is given. The party in power firmly believes that by so doing they would lose popularity among the voters and the opposition would come into control. While, of course, I personally cannot enter into any discussion of this sort, I simply state the feelings and views in Mexico on this point, as I have observed them.

"In giving consideration to all Mexican affairs, it is necessary for Americans to recall at all times that the psychology of the Mexican people is much different from their own and it is

this which has made difficult a final, satisfactory arrangement between the two governments. I firmly believe, however, that such an understanding will come within the near future because of the

very sincere desire on the part of all intelligent and patriotic Mexican citizens that the two countries shall exist side by side under the conditions of a most amicable relationship."



Keep Politics Out of the Federal Reserve System

[From *The Acceptance Bulletin*]

THERE has been introduced in Congress a bill which proposes to place the Secretary of Agriculture on the Federal Reserve Board. Should this pass, it would undoubtedly be regarded as a successful attempt to strengthen the political influence on the board.

The Federal Reserve Act has been of greater benefit to the country than any other legislative measure undertaken by Congress for a generation. If it had not been for the Federal Reserve system the farmers and manufacturers, and the bankers for that matter, would have been decimated by a panic which, it is safe to say, would have been worse than any that we have had before. As it is, no violent disturbances have taken place, and the country went through the most critical period without a financial eruption of any kind. If any criticism could be directed at the Federal Reserve Board, it would only be that it may not have acted soon enough in attempting to arrest the inflation of the medium of circulation, bank deposits and loans. If prices had not risen to the dizzy heights to which they were permitted to go, the fall would now be less extreme, but that would have been only a difference of degree.

The country, as a matter of fact, is paying the price of an exhaustion of credit in Europe, and no matter what temporary relief the palliatives that we are now discussing may bring, the root of the continued fall of prices and acute stagnation lies in the exhaustion of purchasing power; and, until this is restored, the excess supply of goods will not move, no matter whether money is four per cent. or seven per cent. Credit in Europe cannot, on the other hand, be

restored in a moment, nor by any experimental legislation that might be undertaken in the United States. People are disinclined frankly and boldly to envisage these facts, and they experience more satisfaction in finding a goat on whom to place the responsibility in the old-fashioned Biblical style than in exercising patience and good judgment. It is from this point of view, and because they do not like to admit their inability to understand the problem, that many politicians are attacking the Federal Reserve system, and are trying to make it appear as though it, or its administration, are responsible for conditions which are plainly the consequences of a destructive war and delayed reconstruction on a peace footing.

The Federal Reserve system has done splendidly. It is one of the few organs of our economic body that has functioned to perfection, and it is the envy of European nations. It would be nothing short of a crime to permit the Federal Reserve system to be thrown into politics, and, through the strengthening of the political influence in its administration, to increase the danger of weakening the non-partisan business point of view which is essential for the safety of the country. Unless the Federal Reserve system is kept free from political domination, it is bound to become a danger to the United States, where now it is a tower of strength and a protection of the first order.

Bankers and business men in all parts of the country should not fail to realize this situation and do what is in their power to defend and keep inviolate a system which, today, is the backbone of the country.

Banking and Financial Industry

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

THE old spirit of a perfunctory audit by the examining committee of the board of directors of the bank is of course rapidly vanishing. In the past few years the responsibilities of each director has assumed a new importance.

In conflict with this desire to make a searching examination are the demands upon the time of the board committee which makes it and the usual feeling of the committee that such a technical task should be in the hands of a trained, experienced examiner.

It is because of these unquestioned facts that more and more banking institutions and boards of directors are relying upon H. M. Webster & Company to make the periodical, independent audit. We should be glad to send you a reprint of an article, by H. M. Webster, covering this subject thoroughly, which appeared in the July issue of The Bankers Magazine.

H. M. Webster & Company

CERTIFIED PUBLIC ACCOUNTANTS

25 West 43rd Street

New York City

Telephone—Vanderbilt 1908

Southern Bldg.
Washington, D. C.

82 State Street
Albany, N. Y.



THE new building that the Columbia Trust Company of New York will erect for its Harlem Branch will take its place amongst the most beautiful structures of this district.

The dignified Colonial treatment of the exterior is in keeping with the best traditions of American bank architecture. The interior fittings and equipment will be modern in every respect.

This building is being designed and executed under the supervision of

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited



One Wall Street, New York Office of Rodolfo Bolla, American Representative, Banco di Roma

New York Office of the Banco di Roma

TRADER and banking relations between the United States and Italy will undoubtedly be furthered by the presence in New York of Rodolfo Bolla, American representative of the Banco di Roma who has opened offices at 1 Wall street.

Banco di Roma, the head office of which is in Rome, was established in 1880 and is the oldest of the large Italian international banks. It has always given special attention to the development of Italian agriculture and to the promotion of trade with the countries

bordering the Mediterranean and the Near East, especially along the north-eastern coast of Africa and Asia Minor. It has also given special attention to the development of business relations between Italy and Egypt and surrounding countries.

After thoroughly covering Italy with branch offices, about a quarter of a century ago the Banco di Roma began its expansion abroad by establishing offices and perfecting working arrangements with the principal banks in foreign commercial centers where the business rela-



Rotunda of the Main Banking Room at the Home Office



Safe Deposit Vaults at the Home Office



Corridor in the Home Office at Rome

tions of Italy with the respective countries warranted it.

It has its own offices established at Paris and Lyons, France; Chiasso and Lugano, Switzerland; Barcelona, Madrid and other cities in Spain; Constantinople, Smyrna and other commercial cities of the former Ottoman Empire; and Bengazi, Tripoli, and Rhodes in the Italian colonial possessions until today the Banco di Roma's offices total 209. The institution also maintains its own direct representation in the City of London.

As the Banco di Roma has over 200 branches throughout Europe, Asia and Africa it is particularly well equipped to serve American business men and financial institutions conducting business with Italy or contemplating trade relations with its importers, manufacturers, exporters and other business organizations.

The bank's condensed statement as at the close of business, December 31, 1920, given in dollars at the rate of five lire to the dollar, follows:



Interior of the Main Banking Room at the Home Office

RESOURCES

Cash in vault.....	\$26,592,168.31
Bills discounted and Italian Treasury Bonds.....	153,710,461.70
Bonds and other investments.....	19,257,766.95
Loans against securities.....	58,747,039.02
Bank investments.....	2,258,288.20
Sundry investments.....	8,986,459.86
Bills in transit for collection.....	19,065,114.31
Correspondents—due from.....	240,449,998.35
Bank buildings and vaults.....	5,153,702.86
Customers' liability for acceptances of this bank.....	20,205,847.45
Securities in custody for safe-keeping.....	413,986,352.02
	\$968,413,199.03

LIABILITIES

Capital fully paid.....	\$30,000,000.00
Surplus and profits.....	6,720,160.97
Discount collected, but not earned.....	1,065,483.60
Circulating notes and drafts.....	30,578,242.82
Deposits.....	465,857,112.17
Acceptances by this bank.....	20,205,847.45
Securities in deposit for safe-keeping.....	413,986,352.02
	\$968,413,199.03

THE ECONOMIC SITUATION IN ITALY

Rodolfo Bolla, the New York representative of the Banco di Roma in discussing the condition of Italy in a recent interview said:

"During the war Italy gave ample proof of her energies, endurance, organization and technical skill. Emerging victorious from the war, the Italians are today full of energy and willingness to work. They are good organizers and administrators, and a population endowed with these gifts and willing to work will come out victorious from the present inevitable world crisis due to the prolonged war.

"Although the war has cost Italy an enormous amount of money, still the revenue of the Italian treasury is gradually increasing, while the Government expenditure has a firm tendency toward decreasing. This will continue to be more so now that special financial provisions are being adopted.

"The capital invested in Italian industries is today 140 per cent. more than it was before the war. This proves the full confidence of financiers and investors in Italian skill and labor. Italian industry, besides having increased in financial strength, has reached



Partial View of Vestibule of the New York Office

perfect technical development, thus assuring future success in fair international competition.

"Agriculture is another problem which has been solved by the adoption of more modern systems of cultivation and more extended use of agricultural machinery. By intensifying the production of her rich soil Italy is progressively able to meet the requirements of her increasing population, thus limiting her imports.

"The savings deposits in Italy are constantly increasing, as proved by statistical schedules of government and private banking institutions, savings banks, rural banks, cooperative banks, and postal savings banks."

Mr. Bolla terminated by stating that the leading Italian banks, aware of the present situation and of the necessity for commercial exchange between Italy and other countries, are continually organizing new agencies in North and South America, in England, in France and in other important centers, with the

aim of keeping themselves directly in contact with the principal money, security and commodity markets of the world. In Eastern Europe, in the Balkans, in Asia Minor, on the Mediterranean coast of Africa, where the Banco di Roma is the pioneer, Italian banks represent civilization, culture, progress and economic prosperity.

To keep the American public informed in regard to current events in Italy the bank has inaugurated a monthly bulletin service. The first number of this bulletin quotes as follows from an address of Richard Washburn Child, American ambassador to Rome:

"Looking forward, America sees for Italy the morning of new opportunities.

"The quality of her statesmanship and her detachment from many of the blighting suspicions and hatred of Europe, mark her out as the geographical meeting ground and as the benevolent agent for healing negotiations. In this period of woe and discord, Italy has the



Corner of Private Office of American Representative, Rodolfo Bolla



General Correspondence Office



Arbitrage Department

opportunity to exercise such unselfishness and foresight as will give her leadership in restoring the pulse of normal, gainful relationships between European states.

"After a long history of sacrificing her nationalism to the empires she has created, and to the barbarian invasion she has suffered, she has come at last to the threshold of a new life, not only political but economic. America and American financiers and business men will see that the skilled engineering genius of Italy, her power resources and above all her resources of eager, healthy human labor will find expression in industrial creativeness. We believe that Italy will be a great consumer of raw materials. She will be a converter producing finished products for her own natural markets.

"America has faith that Italy will develop these markets not only to sell her own goods but to act as a middleman for ours. The facts of her geographical location in relation to the nations north and east of her and her

peculiar fitness for colonization and for commercial ties with Africa give us faith that she will give greater value to economic bonds than to political controversy. We know that she will continue to gain and hold the confidence of those peoples who are her natural customers.

"She has the resource of human labor. She has access to the seas. The combination of the two—the work of men and the movement of ships—has written the history of the civilized world.

"We offer to the Italy of tomorrow not only the friendship of our words and our hearts but also the friendship of our deeds. We are not deceived by the propagandists who exaggerate social and industrial unrest in Italy in the hope that we may not give to Italy the financial credit she may deserve."

In the future developments of Italy and her business relations with the other members of the family of nations the Banco di Roma is bound to play a leading part.



New building purchased by the Beacon Trust Company of Boston
which will be rebuilt and modernized for occupancy

Beacon Trust Company of Boston

THE steady and consistent growth of the Beacon Trust Company of Boston, Mass., has culminated in a demand for more room, both for the main office and the branch. This demand has resulted in the purchase of the six-story building at 31 Milk street, nearly opposite the present quarters. This building will be rebuilt, modernized and refitted for the occupancy of

the company, which will use the main floor for banking rooms, the basement for safe deposit vaults and the usual conveniences for the accommodation of customers, and the second floor for the other departments of the business.

The building lately acquired is peculiarly adapted to the uses of the company, having abundant light on three street fronts and convenient en-

trances for those who come in cars, besides the main entrance on Milk street. The building is in the heart of the financial and business districts of the city.

In addition to the acquisition of this property the company has also taken over the Fiske building at 89 State street. Here will be installed on the main floor the Faneuil Hall branch, so long conducted in South Market street. Alterations in the Fiske building are now being made to accommodate the business which in the new quarters will be in close proximity to the market district of the city as well as near the Stock Exchange and other big interests.

Another recent move of importance on the part of the Beacon Trust Company was the taking over of the Equitable Trust Company, one of the younger financial concerns of Boston, but whose business added to that of the Beacon Company has brought the latter's deposits up to about \$20,000,000.

The Beacon Trust Company now stands among the foremost of Boston's commercial banks. Established in 1893, it has made steady progress under the management of President Charles B. Jopp, who became the head of the company in 1906. A statement of the company as of October 2, 1907, shows capital \$400,000, surplus and profits \$305,371.14, and deposits \$3,453,076.57. The advance made since that date is shown by the following table:

	Capital	Surplus and Profits	Deposits
Jan. 1, 1911...	\$600,000	\$498,600	\$9,093,041
Jan. 1, 1916...	600,000	983,844	11,847,300
Jan. 1, 1917...	600,000	1,056,500	14,530,240
June 1, 1921...	600,000	1,702,219	19,692,249

The Beacon Trust Company has paid twenty per cent. dividends annually since 1919 and its stock is quoted around 400. with none offered.



Making it Safe to Build

By Noble Foster Hoggson

President Hoggson Brothers, New York

ANY one who has tried to figure out just what he should allow for a three weeks' camping trip and then has taken the trip is in a fair position to get some conception of the problems of the estimating department of a building concern. It is not a job for any one except the most experienced. For remember that unlike the camper who can easily enough make up for the things omitted in his final estimate, there is no such alternative for the building concern, especially if it be one which is operating under a contract which guarantees a predetermined cost. Such an estimate must be accurate and complete and made by men who know

not only what things *ought* to cost but what they *will actually* cost in the end.

The men who estimate for a big building which as yet is in the preliminary plan stage must be able to conceive of it as a finished structure; to give to the rough plan and its elevation the necessary third dimension, an idea of the mass of the building as standing on the plan.

There are various methods of getting at the quantities for an estimate which are in common usage. But the most accurate results are obtained when the estimate is made up by itemizing all the materials entering the construction. This is called "taking off the quanti-

ties." For example to determine the cost of the construction of one hundred square feet of floor it is possible to arrive at an approximation by using a figure representing the cost of a unit of that type of construction. But a more reliable estimate is made by determining the quantities of material which go into the component parts of the floor, forms for reinforcing, the reinforcement, the concrete, the cement finish, the furring, the plaster and the linoleum or other covering surface. These quantities multiplied by the prevailing unit cost of the material and added together give a reliable estimate and this method is typical of all estimators' work.

Under the ordinary building practice where an owner through his architect or engineer submits plans and specifications to different contractors, the quan-

tity survey must be made by each bidder. Only one bidder can be successful and consequently the cost of the job to the owner is higher because of the wasteful duplication in the surveys. For someone must pay for the unsuccessful bidders' time. Thus the unsuccessful bidder on a job accounts for his losses on the jobs he fails to get usually by adding a percentage to each successful bid to cover the expense involved in unsuccessful ones.

The form of contract used by an organization which handles all phases of a building operation eliminates this unnecessary expense to the owner. For each owner who employs such a concern pays for the survey of his own building solely. Such a concern is its own contractor and never has occasion to take off quantities unless it has been awarded a contract for a building.



Making Credit Serve as Capital

WRITING in *System* W. H. Koelsch, president of the New Netherland Bank of New York, tells of the following interesting incident in his banking experience:

Years ago a man came to me in considerable excitement. He had just secured an order for \$30,000 worth of goods from Marshall Field and Company. There was no doubt of the solvency of the buyer. A bill owing by Marshall Field and Company is as good as money in bank. My client wanted to borrow enough money to finance the raw material and labor that would go to fill this order. His own capital was \$25,000. I asked him: "Can you afford to sell so much to one man?"

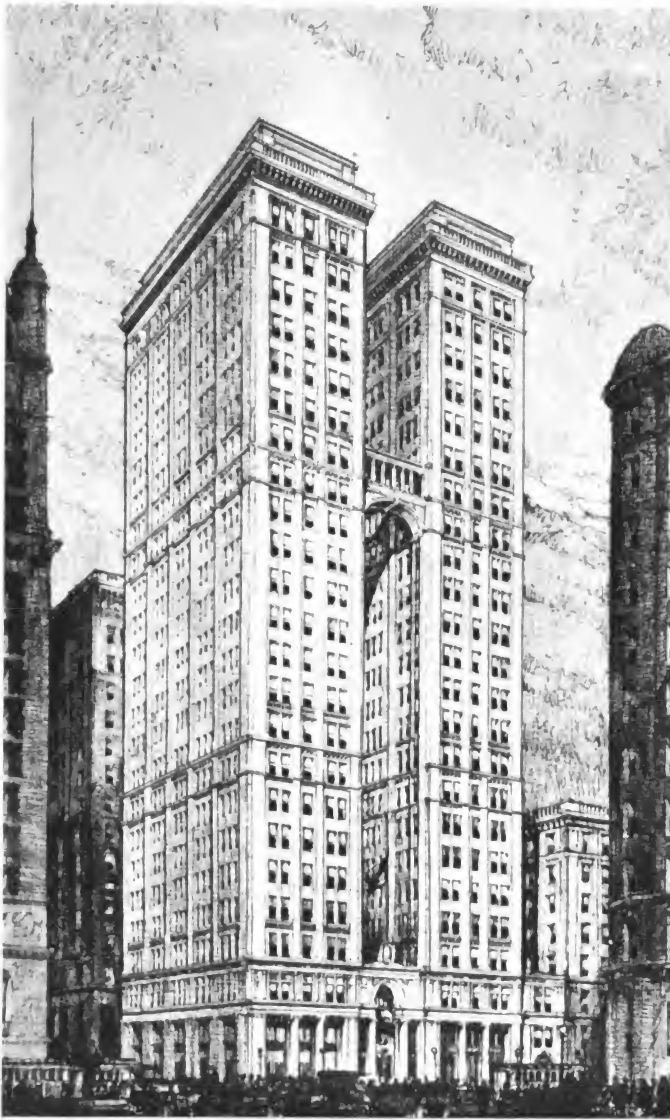
"Afford to sell?" he asked. "The credit is a number 1. The Brown Company sells at least \$100,000 a year in my line to them. Why shouldn't I get some of that business? It is the best business I know of anywhere."

"It is good business, I will admit that," I answered, "but the Brown Company has a capital of more than \$1,000,000. You have a capital of more than \$25,000. If anything happens to you in the course of this trans-

action—if, for example, you have any trouble in your factory, or if the goods when made should fall below sample through no fault of yours—you would be wiped out. You ought not to attempt to fill this order on bank credit or on any other kind of credit.

"You do not need credit; you need capital. Otherwise you are going to be wiped out if any one of a hundred things happens."

As I recall, the man did not take my advice. I do not remember how he made out on the transaction. Probably he made money on it and probably he went on trying to make credit do the work of capital until he smashed. For there is only one chance in a thousand of staying in business, say, five years if credit is forced to serve as capital. More than likely he thought I did not know what I was talking about—that I was too conservative or something of the sort for I know of nothing that is much more difficult than trying to convince a man that it is not to his best interest to take what looks like perfectly good money in the form of what look like perfectly good orders. It is almost impossible to demonstrate in a time when orders are at hand that it is not good business to extend to the very limit of the credit that can be obtained.



Magnolia Building, New Home of the Southwest National Bank, Dallas, Texas

New Bank Formed in Dallas

THE most important financial news of the month from the southwest was given out, following authorization by the comptroller of the currency for the commencement of business by the new Southwest National Bank of Dallas, Texas, July 20.

The new bank is the result of plans laid by the directors and stockholders of the former Security National Bank of Dallas, to create a new conservative

institution covering the broad fields of southwestern financing. The Southwest National Bank will have a strong and representative group of officers and directors composed of some of the ablest business men of Texas.

**R. W. HIGGINBOTHAM ELECTED
PRESIDENT**

R. W. Higginbotham, widely known throughout the United States as one of



R. W. HIGGINBOTHAM
President



LYNN P. TALLEY
First Vice-President

the most successful business men of the South will head the new institution as its president. Mr. Higginbotham has a long record of achievement in the mercantile and industrial fields of Texas, successfully building up some of the largest wholesale and retail establishments in the state. He is interested in wholesale drygoods, groceries and lumber and industrial plants, banks, ranches and cattle. Under his able guidance and through his extensive connections the Southwest National Bank will with-

out question take its place in the forefront of strong banks in the South.

FEDERAL RESERVE OFFICIALS WITH NEW BANK

Mr. Higginbotham will have associated with him as a managing committee, two able bankers who require little or no introduction to the banking world, Lynn P. Talley as first vice-president and Sam R. Lawder as cashier. Both Mr. Talley and Mr. Lawder came from several years' service with the Federal

Reserve Bank of Dallas where they gained invaluable experience in connection with the finances of the Eleventh Federal Reserve district.

Lynn P. Talley has long been known as an able banker with a wide knowledge of Texas affairs. His banking experience commenced in 1902 as exchange teller of the City National Bank of Dallas. Rising through his ability he became cashier in 1906. In 1910 he left the City National to become connected with the Lumber-



DAN D. ROGERS
Vice-President



J. W. ROYALL
Vice-President



SAM R. LAWDER
Cashier



S. J. McFARLAND
Vice-President

man's National of Houston as cashier. In 1915 he was selected by the directors of the newly formed Eleventh Federal Reserve district to become cashier of the Federal Reserve Bank of Dallas. He held this position until 1919 when the title of deputy governor was added and his duties and responsibilities greatly increased. In 1920, the fields and activities of the Federal Reserve system having been so greatly enlarged the

two positions were separated and Mr. Talley remained as deputy governor from which position he came to the Southwest National.

Sam R. Lawder is one of the most popular of the younger bankers of the state and holds a recognized place as an efficient bank operating official. After several years of banking experience with various Dallas banks he became connected with the Federal Reserve Bank upon



EDWIN HOBBY
Vice-President



S. W. SIBLEY
Vice-President



W. F. SKILLMAN
Vice-President

its organization. During his service with the Federal Reserve, he organized and successfully managed the branches of the Dallas bank at El Paso and Houston and was made cashier of the parent bank in 1920 succeeding Mr. Talley to that position.

FORMER SECURITY VICE-PRESIDENTS
TO REMAIN

The other vice-presidents of the bank, Edwin Hobby, Dan D. Rogers, S. W. Sibley, S. J. McFarland, J. W. Royall and W. F. Skillman are well known through their connections with the former Security National. In the new bank each will have charge of certain specialized departments and activities forming a well rounded commercial bank.

NEW HOME OF THE BANK

Upon its completion, the bank will move into the new twenty-nine story Magnolia building, where the most modern and commodious banking rooms in the southwest will be established. A twenty-five year lease has been secured on the basement, first and second floors. It is expected that the new quarters will be ready shortly after the first of the year.

SUCCESSFUL BUSINESS MEN ON
DIRECTORATE

The directors of the bank are all able business men, well known throughout

Texas for the success with which they have handled their various enterprises. The following compose the board of directors:

Reese S. Allen, capitalist; Newton Ayres, Duke and Ayres; A. H. Bailey, Higginbotham-Bailey Logan Company; O. S. Boggess, United Grocery Company; R. E. Burt, capitalist; E. H. Cary, E. H. Cary Company; W. H. Gaston, capitalist; W. A. Green, W. A. Green Company; J. W. Haden, capitalist; J. S. Heard, capitalist; W. T. Henry, Leake and Henry, attorneys; R. W. Higginbotham, president; J. T. M. Johnston, capitalist; Arthur L. Kramer, A. Harris and Company; Sam R. Lawder, cashier; A. T. Lloyd, Frey Lloyd Auto Company; A. G. McAdams, McAdams Lumber Company; Fletcher F. McNeny, McNeny and McNeny; Everett S. Owens, Owens Lumber Company; A. Ragland, Metropolitan Business College; F. T. Rembert, capitalist; George W. Riddle, capitalist; R. E. L. Saner, Saner, Saner and Turner, attorneys; Charles L. Sanger, Sanger Brothers; S. W. Sibley, vice-president; W. F. Skillman, vice-president; F. M. Smith, Oriental Oil Company; Lynn P. Talley, first vice-president; C. L. Tarver, Tarver, Steele and Company; Cullen F. Thomas, Thomas Milam and Touchstone, attorneys; M. H. Wolfe, M. H. Wolfe and Company.



“**T**AXES,” said Benjamin Franklin, in discussing conditions in his day and generation, “are indeed, very heavy, but if those laid on by the government were the only ones we had to pay we might the more easily discharge them; but we have many others, and much more grievous to some of us. We are taxed twice as much by our idleness, three times as much by our pride, and four times as much by our folly; and from these taxes the commissioners cannot ease or deliver us by allowing an abatement.”

Convention Notes of the American Bankers Association

THE Wisconsin Bankers Association has arranged, as have many of the other state organizations, a sight-seeing tour to California which will be run both to and from the convention. The tour will take in Aberdeen, South Dakota; Butte, Montana; Spokane and Seattle, Washington; Portland, Oregon; Shasta Springs, San Francisco and Los Angeles. It will run over the Chicago, Milwaukee and St. Paul Railroad.

On all the special trains the service will be "de luxe," an instance being the arrangements provided by the New York Central which call for 20th century porter service. The comfort of the delegates will be protected for the entire trip and special barber-valet and maid service has been arranged. The equipment of the trains will consist of modern steel drawing room compartments, dining, club and observation cars, and the tours are considered as the most complete ever arranged from coast to coast.



Tour A of the Red Section provided by the New York Central will leave Grand Central Terminal at 2 p. m., eastern time, Friday, September 16 and will include an extended trip through the Canadian Rockies, arriving at Los Angeles at 5:30 on October 1 and leaving Los Angeles over the "Santa Fe" at 2 a. m. Saturday, October 8, arriving at Grand Central, New York, Thursday, October 13 at 5:25 p. m. The White Section tour, New York Central, leaves New York at 2:45 p. m., September 21, runs through Denver, Colorado Springs, Royal Gorge, Salt Lake City, San Francisco, Yosemite, Del Monte and the Grand Canyon. It reaches Los Angeles at the same time with the Red Section, which it joins at San Francisco on September 28.

The roads which are running the specials report that reservations have been coming in at a surprising rate and that some trains are already booked solid. It would be wise if delegates would send in their reservations immediately as the special tours will be A. B. A. family parties and will offer more enjoyment for the transcontinental trip than itinerary on regular schedule trains.

In some cases state associations have arranged for special cars to carry delegates to and from Los Angeles, and in other instances arrangements have been made for

delegates to travel in groups on regular trains.



Sir D. Drummond Fraser, K. B. E., organizer of the ter Meulen plan for international credits to those European continental countries which are unable to purchase foodstuffs and raw materials, has accepted the invitation of the American Bankers' Association to address the annual convention in Los Angeles.

Sir Drummond's address will cover the ter Meulen plan and he will have a message on international financing for the bankers.

Sir Drummond Fraser is well known for his financial writings, is joint managing director of the Manchester Liverpool and District Bank, a Fellow and Member of the Council of Royal Statistical Society and of the Institute of Bankers and is a recognized international authority in his field.



Edmund D. Hulbert, president Trust Company division, American Bankers Association, and president Merchants' Loan and Trust Company, Chicago, who will preside over the sessions of the trust company division at the Los Angeles convention in October, is announcing to all members of the trust company division a change made in arrangements for headquarters and meetings of the division at the Los Angeles convention, October 3-7.

Instead of the Hotel Clark as originally announced the Ambassador Hotel will be used by the trust company delegates. This change has been effected for the purpose of relieving the congestion in hotels in the center of the city. All trust company delegates and guests have been asked to specify the Ambassador in writing for reservations.

The Ambassador is a new hotel and the appointments are first-class in every respect. All of the meeting places in the center of the city are easily accessible from the Ambassador by surface car or auto within a few minutes.



Manuel M. Martinez, manager of the Banco Territorial y Agricola, San Juan, Porto Rico, is now secretary of the Porto



JACOB H. HERZOG

Vice-president National Commercial Bank and Trust
Company of Albany who was elected president
of the New York State Bankers Association

Rico Bankers Association, according to information received from official source.

©

In line with the request of the executive committee of the American Bankers Association that the entertainment committee refrain from providing entertainment features which would interfere with the meetings of the convention during its session in Los Angeles from October 3 to 7 inclusive, the committee has been able to prepare an extensive program, which will take in the high lights of California sights during that week, and will not interfere with the convention itself.

Chronologically the entertainment program which will cover the period of October 2-8 inclusive, will be as follows:

Sunday, October 2.—Automobile rides will be provided for the delegates and members of their parties which will include all of the principal points of interest in Los An-

geles—"the City of the Angels"—including the moving picture studios.

Los Angeles, as is well known, is the motion picture production center of the world and the studios will naturally be objects of very great interest to all of the visitors. Ordinarily it is impossible to visit the studios as a general order prohibiting visitors is in force at all of the larger studios. This rule was made necessary because it has been found in the past that the presence of outsiders disturbed the work of the actors and camera man, drawing their attention from the work for which they are employed.

In order to meet the situation and enable the delegates and guests attending the American Bankers Association to obtain an intimate understanding of the way in which moving pictures are made, the Robert Brunton Studios, the largest commercial moving picture studios in the world, have consented to set aside Sunday, October 2, for the entertainment of the American Bankers Association convention guests.

At the termination of the automobile sightseeing ride, the guests will be taken to the Robert Brunton Studios, where on the largest stage ever constructed, a typical motion picture set will be built on a large platform. This will be dressed as though an actual motion picture was to be taken. When the visitors are all assembled, it will be explained in detail exactly how motion pictures are manufactured, after which a moving picture of the visitors will be taken. At the conclusion of this picture, the guests will be escorted through a typical Mexican street at the end of which they will be served with a real Spanish barbecue.

Tuesday, October 4.—The entire day as on Monday will be devoted to meetings of the convention. Tuesday evening, however, the Los Angeles group of the Investment Bankers Association will entertain the visiting members of the American Bankers Association at an official smoker to be held at the Los Angeles Athletic Club. The entertainment will include boxing, sporting events, revue, etc., following by a buffet supper.

While the smoker is in progress the ladies of the guests will be given a theater party by the ladies' reception committee, followed by a supper at the Hotel Ambassador.

Wednesday, October 5.—While the morning will be devoted to convention meetings, automobiles will be provided for the ladies and led by two scout cars the afternoon's entertainment will be under the auspices

of the Clearing House Association of Pasadena and the Pasadena Chamber of Commerce. The sightseeing trip will include Oak Knoll, Foothill Boulevard, Flintridge and Orange Grove avenue. There will be an outdoor tea in the Busch Gardens. During the tea there will be music and some novel features.

During the evening there will be a moonlight ride to Universal City, the great film city—one of the greatest in the world. Carl Laemmle, president, and Manager Irving Thalberg have arranged to illuminate Universal City. The visitors will also be permitted to see Monte Carlo, built in exact duplication of the famous European resort, which was used in the million dollar production of Von Storheim's "Foolish Wives."

Thursday, October 6.—After the day's sessions a magnificent formal ball will be held in the ball room of the Ambassador Hotel, under the auspices of the American Bankers Association.

Friday, October 7.—A golf tournament, in which contestants may play either morning or afternoon, will begin at 9:00 a. m. at the Los Angeles Country Club, Beverly Hills. The program will start off with an eighteen hole handicap medal play.

The Los Angeles cup, the feature trophy, will be awarded to the player making the best net score for eighteen holes. Hand-some prizes will be given for the second, third, fourth and fifth next best scores. No local player will be permitted to compete for the Los Angeles Trophy.

Scratch Event.—The two best medal scores without handicap will be awarded prizes.

Blind Event Contest.—No advance information will be given relative to this event. Prizes will be awarded by the committee who will act under sealed instructions.

St. Louis Trophy.—In addition to the foregoing prizes, the St. Louis cup contributed by the St. Louis bankers in 1919 will be awarded the player making the lowest medal score. The winner's name will be inscribed on the trophy and may be retained in the winner's possession until the next American Bankers Association convention. The first player winning this honor three times will obtain permanent possession of the cup.

Arrangements have been made to have the Country Club bus meet every Santa Monica interurban car leaving Los Angeles during the morning of Friday, October 7.

Friday afternoon a midsummer lawn fete will be given.



HOWARD BISSELL

President Peoples Bank of Buffalo who was elected vice-president of the New York State Bankers Association

Saturday, October 8.—All of this day will be devoted to what is considered the biggest entertainment feature, and which will be known as "Catalina Day."

Special boats will be provided to take all of the visitors to Avalon, Santa Catalina Island. Upon arriving at the island the guests will be divided into two parties, one of which will embark in the three glass bottom boats the Empress, the Emperor and the Cleopatra, to view the wonderful and world renowned submarine gardens. The other party will be taken to the Hotel Atwater for a buffet barbecue luncheon at which a typical California seashore menu will be provided.

Immediately following the luncheon, the trip in the glass bottom boats will be taken by those who did not have the opportunity, while the first party taking the trip will then be served with luncheon. The party will return to Los Angeles late in the same afternoon, although arrangements have been made to provide tickets good for sixty days

so those who wish to remain over Sunday or for a longer period may do so.

W. D. Woolwine of the Merchants National Bank and G. G. Greenwood of the Security Trust and Savings Bank are vice-chairmen of the entertainment committee.



AMERICAN INSTITUTE OF BANKING

Robert B. Locke who was recently elected president of the American Institute of Banking began his banking career with the



ROBERT B. LOCKE

Recently elected president of the American Institute of Banking

Old Colony Trust Company of Boston. He has been president of the Boston Chapter and manager of the clearing house association at Detroit, where he inaugurated a country check clearing system and a clearing house credit department.

In January, 1918, when it was decided to establish a branch of the Federal Reserve Bank of Chicago in Detroit he became manager and chairman of the board, which position he holds at the present time.



George E. Allen, who has resigned as educational director of the American In-

stitute of Banking, saw the institute grow from a membership of a comparatively few hundred to the more than forty thousand now enrolled. In the official history of the institute Mr. Allen is referred to as the pioneer in the field. The history says in part:

"He was always an exponent of the educational idea and realized very early that the survival and growth of the institute rested on the foundation of education. He also foresaw that self-government was essential to the success of the institute, not only on account of its political attractiveness, but because he regarded self-government as the most practical method of cultivating administrative ability. When he began, his program was one to discourage a less versatile man and dishearten a less resourceful one.

"Administrators came and went, both in the American Institute of Banking and the American Bankers Association, but he survived them all and now has the satisfaction of seeing his principal aims achieved. New captains have come on the ship with regularity and once its ownership changed hands, but from the very beginning George E. Allen has been the only pilot."

While Mr. Allen has resigned as educational director of the American Institute of Banking, he continues as deputy manager of the state bank division of the American Bankers Association, and those of his friends in the American Institute of Banking who know him well, are not inclined to believe that he will be content to step entirely aside from the work he has been doing for so many years.



Frank L. Ramos, assistant cashier of the Canal-Commercial Trust and Savings Bank, New Orleans, La., was elected a member of the executive council of the American Institute of Banking at the recent convention. Mr. Ramos is one of the original members of the New Orleans chapter, and is a graduate of the institute.



F. O. Watts, president of the First National Bank of St. Louis, came through New York on his way home from the international Chamber of Commerce in London where he was chairman of the American financial delegation. In a brief interview, Mr. Watts said that general conditions in Europe are much improved and that the future appears to hold forth considerable promise. The industry of Europeans in

getting back to work, he said, should go far to influence American manufacturers and bankers in extending credit abroad.



Francis H. Sisson, vice-president of the Guaranty Trust Company of New York and chairman of the trust company division on publicity, is distributing a booklet issued by the division, entitled "Selling Trust Department Service." This is a history of the advertising campaign which was successfully carried on by the trust company division last year. Copies may be had on applica-

tion to Leroy A. Mershon, secretary of the division.



Thomas B. McAdams, first vice-president of the American Bankers Association, will speak on "Bank Publicity" at the convention. Among other speakers there will be Dr. Henry T. Suzzallo, president of the University of Washington, Judge Charles F. Moore, of New York; J.M. Elliot, chairman of the board of the First National Bank of Los Angeles, and Dr. E. F. Gay, president of the *New York Evening Post*.



Advertising Exhibit at the Convention

By W. R. Morehouse

Cashier Guaranty Trust and Savings Bank of Los Angeles

BANKERS attending the annual convention of the American Bankers' Association at Los Angeles will be afforded an opportunity of inspecting the most complete exhibit of financial advertising literature that has ever been gathered together under one roof. Over 2,000 square feet of carefully selected booklets, folders, statements, letters, and, in fact, complete campaigns have been assembled for the occasion. These thousands of pieces of advertising literature have been most carefully selected because they are good examples of the best in financial advertising.

This great array of advertising literature will be on display at the Hotel Alexandria, the convention headquarters, and will be free to all. The exhibit rooms will be open to bankers several days before the convention convenes, and will remain open continually until the convention closes its sessions. By keeping the exhibit halls open day and night during the convention, our bankers need not miss any of the general sessions of the Bankers Association, but can attend them all, and still have ample time for a thorough inspection of the displays.

The exhibition will be in charge of

members of the Financial Advertisers' Association, who will be present and take great pleasure in conducting visitors through the display halls, and also upon request undertake to explain the prominent features of each display. This will give every banker an opportunity to meet some of our foremost financial advertising bankers, and to discuss with them new business problems.

As the Financial Advertisers' Association is a mutual organization, no one connected therewith profits in a monetary sense, as a result of their affiliation with the association. Its five hundred members have nothing to sell, but are banded together for the purpose of helping each other. This arrangement makes it possible for our bankers to take full advantage of what is offered by the exhibit at Los Angeles, with the assurance that it is not being used as a money-making proposition, or for the purpose of securing advertising contracts. All that the Financial Advertisers' Association members ask of those who attend the convention is that they make it an order of business while in Los Angeles to give as much time as possible to a study of the business building literature on exhibit.

The Power Behind the Bank

*Manufacturers and Distributors Who Form Part
of the First National Bank's Strong
Directorate of Forty-Four*

These manufacturers of railway equipment, clay products, and iron and steel specialties have found St. Louis a logical meeting place for their supply of raw materials and the demand for their products.

Many years ago, these men saw the advantages which low freight rates, short hauls, and quick collections would give their business.

These far-sighted and successful men co-operate with the officers of the First National Bank in St. Louis to work out methods of bank procedure best fitted to advance the interests of the many patrons of this institution.

Capital and Surplus \$15,000,000.00

Largest National Bank West of the Mississippi



Banking and Financial Notes

SPECIAL

**BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

SUMMING up general business conditions the bulletin of the National City Bank of New York says in its July letter:

The general trend of business and industry during the month of June has been quiet and repressed. Some further hopeful signs have appeared, side by side with others which give less encouragement.

The plain truth of the thing is that the recovery of business, for which everybody has been hoping and waiting since the depression began late last year, has not yet materialized. No one's interests will be furthered by an ostrich-like attitude which buries its head in undue optimism, and makes glowing predictions for the immediate future, predicted wholly on a magnifying of the favorable symptoms. It is easy enough, and pleasant enough, to lull anxiety by such a process of reasoning, but what is wanted now is a general realization of the obstacles that must be met and overcome, more than a light-hearted prevalence of optimism founded only on half truths.

On the other hand, an attitude of unwarranted pessimism can be just as harmful, if not even more so. We know that our banking system is intrinsically sound, and that it has already proved its capability to withstand the shock period of extraordinary strain, and to emerge unscathed from the most difficult test imposed in many years. We know that our ability, as a nation, to produce the raw materials which our people need, and which the world must buy from us, has been in no wise dwarfed. We know, finally, that our industrial and business organization is geared for production not only ample for our own needs, but on sufficiently large proportions to make export on a considerable scale a vital necessity.

These are fundamental facts, so plain that they cannot be misinterpreted. It is hard

to understand how, knowing the foundation upon which our business life rests to be as rigidly secure as it is, there can be no doubt as to the final recovery. It is progressing no more laggardly now than in 1903 and 1904, when we were passing through a somewhat similar period, or in 1907 and 1908.

Recovery is certain to be slow. Where the artificially stimulated optimist makes his mistake is that, seizing upon a few favorable but quite natural events, he seeks to make them the basis of predictions that the final turn in the road has come, and that next week, or next month, the difficulties into which business and industry have fallen will have lightly drifted away.

WHAT SHOULD BE THE REDISCOUNT POLICY OF THE FEDERAL RESERVE BANKS?

The Chase Economic Bulletin, published by the Chase National Bank of New York, contains in its July 20 number an excellent study of "The Gold and Rediscount Policy of the Federal Reserve Banks" written by A. Barton Hepburn, chairman of the advisory board and Benjamin M. Anderson, economist. Their discussion is summarized as follows:

The basic principle of rediscount banking, well established in the traditions of the central banks of Europe, is that the official rate of rediscount shall be above the market rate. This is essential if bank funds are not to be made superabundant and if general market rates are not to be forced so low as to be far below the natural rates of interest, leading to wasteful employment of bank funds on the one hand, while interfer-

ing with savings by investors and businesses on the other hand.

As applied to England, this means that the official bank rate shall be kept above the market rate on prime bills of exchange. The Bank of England has not varied from this policy on annual averages since 1871. If, for a few days, the market rate should rise above Bank Rate, Bank Rate is promptly advanced to correct it.

In the United States the bill market is relatively unimportant. The "market" is best represented by *rates on customers' loans made under lines of credit by the banks of the great cities to those of their customers who have borrowing accounts with several banks in several cities.* The rates on such loans are highly competitive. They are rarely published, but they are known in the banking community and to the Federal Reserve authorities. They tend to be uniform throughout the great cities of the country.

It is true that in England many of the advances of the banks are made to their customers at rates above the official bank rate. The significant point is, however, that the Bank of England does not rediscount advances to customers. It rediscounts only bills. In the United States, on the other hand, customers' loans are actually rediscounted with the Federal Reserve banks. The essential principle involved in "keeping above the market" is that it shall cost a bank something to rediscount. It ought not to be possible for banks at the financial centers to borrow money from the Federal Reserve banks and re-lend it at a profit.

There are really several rediscount rates at the Federal Reserve banks; a rate on loans on Government war paper; another rate, which may be different, on commercial paper; a third rate, which may be still different, on acceptances. The important thing is that each of these rates should be above the market rates for each type of loan.

If we develop a wide discount market for acceptances; if bills drawn in dollars, growing out of actual self-liquidating commercial operations, increase in number; if foreign banks develop the practice of holding such bills as an interest-bearing substitute for gold reserve; and if banks generally throughout the United States make a practice of carrying substantial amounts of such bills in their portfolios as an especially liquid resource, then the rediscount rate on acceptances may become the most important rate at the Federal Reserve banks. The rediscount rate on acceptances in such a case may safely go much below the rediscount rate for customers' line of credit paper, in full harmony with the principle of keeping above the market, since the market itself will discriminate in favor of such bills.

The reserve ratio under present conditions is no safe guide for rediscount policy. Five main factors have been considered by the

Bank of England in fixing its rediscount rate:

1. Is the reserve ratio high or low?
2. Are trade and speculation expanding or are trade and speculation depressed?
3. Is gold coming into or going out of the country?
4. Are the exchanges favorable or adverse to England?
5. What is the market rate? Bank Rate must not fall below it, and is almost always above it.

Of these five considerations the dominant one has always been that of keeping above the market. When necessary to conform with this principle, rediscount rates have been raised in the face of high reserve ratios and, in harmony with this principle, have been lowered in the face of low reserve ratios.

The high reserve ratio in the United States today does not justify lowering rediscount rates: (1) because rediscount rates are already below the market rates (barring acceptances); and (2) because the present reserve ratio is abnormal and misleading. The reserve ratio is not high in the United States because the liabilities of the Federal Reserve banks are low, but rather is high, despite abnormally high liabilities of the Federal Reserve banks, *because the reserves are abnormally high.*

This is due partly to the unprecedented influx of foreign gold, and partly to the policy which the Federal Reserve banks have pursued since our entrance into the war of drawing into their vaults the great bulk of the gold and gold certificates held by banks and individuals throughout the country. There is relatively little gold left in circulation. Under normal conditions, a gold standard country will have a substantial amount of gold in hand to hand circulation. If, for example, we returned the legal tender now in the Federal Reserve banks, together with a billion dollars of their gold (or gold certificates) to general circulation, with a corresponding cancellation of Federal Reserve bank notes, the reserve ratio would stand, not at 58.3 per cent, at which it stood on June 8, 1921, but rather at 43.5 per cent.

The great excess of gold in our Federal Reserve banks constitutes a real problem. The artificially high reserve ratio, which may easily go to extreme heights with further liquidation, constitutes a shining target for cheap money advocates, and constitutes a temptation to unsound employment of Federal Reserve funds. We must recognize that we hold much of our gold in trust against the time when Europe will need it to restore sound currency in Europe. We must not let it depreciate upon our hands or tie it up in illiquid credits.

The proposal that the Federal Reserve banks should stabilize commodity prices by varying their rediscount rates, lowering the

THE CHEMICAL NATIONAL BANK

OF NEW YORK

Founded 1824

CONDENSED STATEMENT OF CONDITION

At the close of business June 30th, 1921

ASSETS		
Loans and Discounts.....		\$113,679,888.52
U. S. Bonds and Certificates of Indebtedness.....		7,354,428.11
Other Bonds and Investments.....		1,881,391.24
Banking House.....		1,500,000.00
Customers' Liability, Letters of Credit and Acceptances.....		8,443,189.72
Cash, Exchanges, due from Banks and U. S. Treasurer.....		43,686,935.74
Interest Earned.....		231,454.97
		\$176,777,288.30
LIABILITIES		
Capital Stock.....	\$4,500,000.00	
Surplus.....	13,500,000.00	
Undivided Profits.....	1,839,725.40	
Reserved for Interest, Taxes, etc.....	736,413.13	
Unearned Interest.....		20,576,188.53
Circulation Outstanding.....		1,039,875.86
Letters of Credit and Acceptances.....		360,816.50
Deposits, viz.:		9,672,849.60
Individuals, Firms and Corporations.....	\$81,448,558.18	
Banks, Bankers and Trust Companies.....	30,488,446.63	
U. S. Government.....	2,582,100.00	
Bills Payable with the Federal Reserve Bank.....		123,499,107.81
Bills Payable and Rediscounts with the Federal Reserve Bank (Secured by Government Bonds).....		13,800,000.00
Bonds Borrowed.....		6,428,500.00
		1,500,000.00
		\$176,777,288.30

Seeking new business on our record

rates when prices fall to pull them up again, and raising the rates when prices rise to pull them down again, is thoroughly vicious and unsound. It is, in the first place, economically impossible. Rediscount rates are only a minor factor affecting prices. In the second place, any effort to apply this policy would at once make the Federal Reserve banks a football of politics.

Our two most significant conclusions are: (a) that the rediscount rates should be kept above the market rate; and (b) that the high Federal Reserve ratio, due to an artificial and abnormal excess of gold, constitutes no justification at all for reducing rediscount rates.

"PRICE CHANGES AND BUSINESS PROSPECTS"

The Cleveland Trust Company has begun a series of monograph publications dealing with business and economic subjects. The first of the series is a reprint of an address by Leonard P. Ayres, vice-president, on the subject of "price changes and business prospects." Mr. Ayres summarizes the points brought out in his address as follows:

1. Business prosperity depends on the prices of things, of services, and of money, and on the relation of each to the others.

2. When prices are changing, wholesale prices move first and most, retail prices next, wages next, and rent last and least.

3. Any considerable change in the general price level of other countries is reflected by corresponding changes in the price levels of this country. We are no longer economically independent. The prosperity of each country is in part dependent on the prosperity of other countries.

4. While price inflation and reduction have been serious here, they have been far more violent abroad. We are less hard hit in this period of readjustment than is any other important nation.

5. Three times during the past 110 years the general wholesale price level has reached the 1920 figures. In each of the two previous cases the peak of high prices has been followed by about thirty years of irregularly falling prices and then by about twenty years of rising ones.

6. It is probable that we are entering upon an extended period of falling prices, broken by occasional shorter periods of rising prices. The conduct of business in such times presents radically different problems from those to which Americans have become accustomed during the past quarter

century of rising prices and shrinking dollars.

7. During times, like the present, when prices are high but falling, plant extensions should be avoided unless greatly needed; financing should be on short maturities if possible; debts should be paid before the dollar gets still more valuable and hence harder to secure; the accumulation of stocks of raw materials should be avoided; bank balances should be built up; bonds should be purchased.

8. So long as the dollar continues to increase in purchasing power, debts, rents, and taxes will be harder to pay. Business transactions or investments, through which stated sums of money will be received at periodic intervals in the future, will prove more profitable than present standards would lead one to believe, while agreements to pay fixed amounts at future dates will be more difficult to live up to than present conditions and past experience would indicate.

9. In the long period of falling prices following the Civil War wages declined far less than did prices. In that same period the productivity of labor greatly increased as the mechanical means of production were improved. The future course of wages depends largely on the degree to which the per capita output can be increased through improvements in management, processes and machinery.

10. The immediate prospect of business at any given time can best be judged by studying the development of business cycles which progress through phases of prosperity, forced production, liquidation, and readjustment back to a revival of prosperity. They are most accurately foretold by the changes in the market prices of industrial securities. At present we are passing through the latter stages of liquidation, and have entered upon those of readjustment.

BUSINESS FAILURES

The Mid-Month Review of the Irving National Bank of New York says that "business failures for the first half of 1921 were much heavier in the United States both in number and in total liabilities, than during the corresponding period of 1920."

The failures amounted to 9,010, contrasting with 2,927 last year, and the total liabilities, \$378,145,552 against \$101,200,238 during the six-month period of 1920. This year's liabilities are more than twice as great as those during the first half of any previous year in the last four decades. But it is worthy of note that both the number of failures and the total liabilities were less in June than in any previous month of the present year.

WHAT FOREIGN TRADE MEANS TO AMERICA

In an exceedingly able and interesting address recently delivered, Melvin A. Traylor, president of the First Trust and Savings Bank of Chicago, took occasion to point out certain economic fallacies that were today threatening the prosperity of the nation. After discussing some aspects of price inflation Mr. Traylor said:

This brings me to another fallacy: the belief that we can set our own house in order and prosper without regard as to what is happening in Europe and elsewhere. The world is all one, economically speaking. The disasters of our customers affect not merely domestic business, but the same holds true in international trade. Our export trade represents, perhaps, less than five per cent. of the total business done in this country, but I need not tell a group of business men that five per cent. is about all the difference there is between success and failure in most business, and moreover, if we speak of five per cent., this, as I have indicated, applies to all business, whereas in some of our fundamental industries the proportion is vastly greater. We must ship between 250 and 300 million bushels of wheat abroad every year, and of our average cotton crop of eleven to twelve million bales it is necessary for us to export about six million bales. Here in Chicago we know that our packers in order to be successful must sell large quantities of their products to foreign countries. Thus most of the things that we export and that we must export represent the fundamental industry of our country, agriculture, because, after all, about half of our population is still engaged in the cultivation of our soil, in one way or another. If one-half of the population must sell a large part of its produce abroad in order not to have the domestic supply far exceed the demand, then how can you expect business in the country at large to be successful, if this half of the population is unable to buy in a normal way because it finds itself surfeited with its products, owing to the fact that the rest of the world, though needing the products as much as ever, does not have the means with which to pay for them? How can anyone then speak of the necessity of attending to our own business and letting the rest of the world take care of itself? It sounds so well to say, "America First," and all of us believe in America First, but we do not serve America first if we believe that our business conditions can be righted by allowing ourselves—pardon the expression—to stew in our own juice. Continuing our speculation, it is clear to any reasoning person that we shall assist ourselves most by assisting others, by making our customers



Battles of Business

BATTLES of business are won by preparation and co-operation. The former includes the building of an acquaintance and a reserve of cash on deposit. The latter means getting the bank's aid in fortifying your enterprise, strengthening its outposts, or in planning and carrying on a vigorous campaign for new business.

The Seaboard National Bank is not too large to give considerate attention to the little things which mean much to the welfare of the depositor. It is not too large to lend the weight of its counsel and support to the depositor whose dealings are small, but none the less important to him.

You are cordially invited to make full use of our facilities and the complete financial Service we have to offer.

The Seaboard National Bank

of the City of New York

Total Resources over Sixty-seven Million Dollars

solvent again, thereby making it possible for them to occupy a normal place in international trade. "America First," then, will mean not a shortsighted policy of refusing credit to foreign countries, but will mean the granting of credit under safe and tried conditions to those regions of the world with which we must do business, in order to succeed ourselves. This is the true "America First." The British know this well, and they have extended credit not merely to countries like Czechoslovakia and Jugoslavia, which undoubtedly will be able to repay, but even to soviet Russia, though loans to that region of the world are attended with considerable risk. But the British business men, made wise by the experience of hundreds of years in international trade, realize that to have Great Britain first in the world it is necessary for Great Britain to have countries with which to do business.

We shall find it necessary ultimately to extend credits to Europe in some way or other, in order that Europe may again buy from us. Europe has used up its liquid assets, and the credits which we shall have to extend will have to be based on the fixed assets of Europe, just as European countries lent us money after the Civil War upon our fixed assets. Our South especially owes much to British, Dutch, German and French capital, which took mortgages on

farms in order to enable the southern cotton growers to plant again. Not only the southern cotton farmer but also our railroads and many of our other industries were developed by means of permanent investments made by foreigners in this country. I do not believe that we should go into this helter-skelter, and I do not believe that we have done so. The proposal to found a large foreign trade financing corporation, which under proper safeguards will be able to issue debentures based upon collateral in the form of fixed assets, is not an untried scheme. It follows the methods employed by the Dutch, Scotch and Swiss investment trusts, which in this way were able to utilize the savings of the small investor, lend them to foreign countries, and thus aid in building up their domestic business. In none of this was there any desire to be altruistic, for in all such matters the best for everybody in the long run is a healthy selfishness—a selfishness, however, which is guided by intelligence and foresight. We should be wrong if we continued to lend money to foreign governments indiscriminately and without requiring from these governments some assurance that the money which we lent was not to be used for increasing armaments and furthering militaristic enterprises. We need not exact from them a promise that all such money lent by us is to be spent in this country, for directly or

indirectly much of the money lent will come back to us in any event. We should make it possible for foreign countries to buy from us those things which our genius for mass production enables us to produce more cheaply and better than they, taking in return those things which their genius enables them to produce to better advantage than we can.

You will understand that if I refer in this connection to the tariff, I have no desire to make any partisan plea for or against any particular tariff measure, but it seems to me that we have reached a stage in our development where it may be well for us and our legislators to consider carefully whether it is not better to pass general ordinances, with suitable provisions against "dumping" and similar undesirable practices, permitting administrative officials to work out the details, rather than to attempt to protect every industry in the country by means of exorbitant import duties and perhaps thereby ultimately weakening the foundations of our whole prosperity. Those industries which are necessary for the national defense and the national welfare should be protected by all means against foreign competition, but we cannot hope to produce everything ourselves and do nothing but sell and never buy. As I have tried to show, we are dependent upon foreign trade for the prosperity of nearly half of our population, and if the peoples who buy the products of our soil from us are to be made prosperous, so that they may be in a position to buy, then it will be necessary for them also to sell some of their products to us. We speak of becoming a world power, the financial center of the world, but we can never hope to maintain this position unless we learn the lesson that international trade consists not merely of selling, but has also the element of buying as a necessary part.

WHAT ONE BANK THINKS ABOUT THE TARIFF

The Guaranty Survey, the monthly review of the Guaranty Trust Company of New York says in its current issue:

Congress should devote serious thought to the ultimate effect on our commerce and industry of a highly protective tariff, before placing such a measure on our statute books. Consideration should be given to the effect of a high tariff not only upon particular industries, but upon the welfare of the country as a whole. We should not lose sight of the difference between conditions now and conditions when the Payne-Aldrich law was enacted. The effect of the adoption of a high protective tariff today may be quite unlike the effect of the adoption of the Payne-Aldrich law and similar measures passed before the war.

Prior to the war, the United States was

a debtor nation and comparatively little thought was given to the effect of a protective tariff on our export trade. Today, an altogether different situation obtains and the adoption of a tariff law with rates high enough to interfere seriously with our export trade is destined to cause serious injury to our commercial and industrial life.

It is estimated that prior to the beginning of the war European capital was invested in American securities to the approximate amount of \$6,000,000,000. The net payments of interest and dividends on this capital, after deducting the amount owed to citizens of the United States on account of their foreign investments, required the annual remittance abroad of between \$175,000,000 and \$225,000,000. Other payments, such as expenditures of American tourists, remittances by immigrants, freight, insurance, etc., brought the total up to about \$500,000,000. In order that these payments might be met, it was necessary that our merchandise exports should exceed our imports by approximately the same amount. And, in fact, the average excess of exports over imports for the years 1911 to 1914, inclusive, amounted to approximately \$550,000,000.

Our prewar status has been completely reversed. From 1915 to 1917, inclusive, the demand of European nations for our goods was so great that at the time of our entrance into the war our indebtedness to European investors had been more than balanced by the excess of our exports over imports. After we entered the war we loaned approximately \$10,000,000,000 to the Allies, but up to the present time they have not been able to pay even the accumulated interest thereon. In addition to this amount, we put billions more at the disposal of Europe through the repurchase of large quantities of American securities held there and by large private investments in foreign currency and dollar bonds, as well as short-term export credits.

The United States has thus become the leading creditor nation, and as soon as foreign governments are prepared to pay interest on their indebtedness, we shall be entitled to receive more than \$500,000,000 annual interest payments from abroad. While this amount may be offset in considerable degree by tourists' expenditures, freights, insurances, etc., the balance is bound to be in our favor, even though no part of the principal is paid. A change in the relation of our exports to our imports or the re-investment abroad of large capital sums must be expected if Europe's debt to us is to be liquidated. While it is true that the date of such liquidation may be temporarily postponed through the extension of credits and the adoption of similar devices, it is, nevertheless, true that the debt must be paid eventually in goods, or not at all.

It is, of course, important that the high-volume of export trade should be maintained if we are to have normal production

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$355,000

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INTEREST ALLOWED ON DEPOSITS.

in our mines and factories and on our farms, and if we are not to be forced to scrap a large part of our new productive equipment. But an increase in imports does not necessitate a corresponding decrease in exports. It is entirely possible that the present relation between exports and imports may be reversed without in any way decreasing the volume of exports. We can buy more without selling less and thereby enable our European debtors to pay off their obligations without crippling our industries or decreasing our national wealth in order to do so. A study of the development of foreign trade in many European countries will show this to be true.

During the last few years we have increased our production of many commodities far beyond our own capacity to consume and we have been developing foreign markets, especially in Latin-America, to absorb this surplus. From such markets we import many articles, some of which are not produced in this country. If we now limit the importation of those goods by high tariffs, we should do irreparable harm to our export trade by preventing the free exchange of those commodities which our customers have to offer in payment for what they purchase from us.

The business stagnation of today is not due, as some advocates of high protective duties assert, to a flood of foreign goods competing with the produce of our own fields and factories. Moreover, in large part our imports are non-competitive goods, and it is in industries represented by some of these, such as coffee and rubber, in which stagnation is most pronounced at the present time. Although it is estimated that our export trade constitutes but about ten per cent. of the total trade of the country, it is commonly looked upon as the outlet for our surplus productive capacity of agriculture, transportation and manufacture and as a stabilizer of business. A healthy and prosperous foreign trade has become of increased importance to a great many of our citizens. It is consequently of serious domestic concern.

While it is possible that a high, protective

tariff on some articles may be proper, there is surely nothing in our economic situation which justifies the adoption of a general tariff policy that will, in effect, erect a barrier around our ports and isolate us commercially.

THE POSITION OF THE FARMER

The July letter of the First Wisconsin National Bank says:

In general, this is an average crop year. The statement has frequently been made of late that this year's crops are being produced more cheaply than last year's; and from this it has been deducted that the farmer will be a better buying factor this fall and winter. Certain data from Wisconsin sources throw some light on this question. The decline in the price of farm labor between this year and last is about thirty-three per cent. for hands hired by the month and thirty-five per cent. for those hired by the season. Labor is probably the heaviest single cost item in the raising of farm crops, amounting to forty-nine per cent. of total cost for corn, thirty-five per cent. for clover and twenty-three per cent. for oats. Seed for corn constitutes two per cent. of total cost, for wheat 9.8 per cent. for oats 9.1 per cent. and for clover 7.8 per cent. The following table shows the decline in seed cost between 1920 and 1921 for several leading crops:

Crop	Month	Price 1921	Price 1920	Per cent. decrease
Wheat	March	\$1.31	\$2.22	41.
Corn	May	.68	1.74	64.
Rye	March	1.19	1.60	25.6
Oats	April	.37	.97	62.
Barley	April	.58	1.49	61.
Potatoes	May	.43	3.80	88.6
Clover seed	March	12.20	34.50	64.6
Timothy seed	March	3.75	7.00	46.4

In the case of labor and seed, which account for from thirty-two to fifty-one per

CASE
KEROSENE TRACTORS

Profitable farming is dependent upon economical, efficient farm equipment. Case Kerosene Tractors are making farming more profitable.

J. I. Case Threshing Machine Co.
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cent. of total costs depending on the crop, there have been very marked reductions in cost. But interest and taxes have not declined and prices of farm machinery relatively little. Many farmers bought or rented land at fictitious values or bought farm implements at top prices. These farmers are in a less favorable position this year than those who acquired their land before the period of inflation or those who are using farm implements purchased at lower prices than prevailed in the last two years. The conclusion is that lower costs for labor and seed will benefit the farmers in varying degrees.

Finally, we have to remember that farm crops are selling at prices which are relatively much lower than retail prices. The cost of living has fallen since July last about twenty-two per cent. while market prices of farm products are down, on the average, fifty-two per cent. from their maximum. Unless crop prices make some advances or retail prices fall substantially lower, the benefit to farmers of lower labor and seed costs may not be as great as first thought. It may not be doubted that the condition of the farmers will show improvement this fall, but it is possible to be too sanguine about the farmer's buying power.

THE CREDIT SITUATION

That there is at present available a larger volume of bank credit than business requires is the opinion of the National Bank of Commerce in New York. The bank recently stated:

Failure to recognize the passing of the period of insufficient credit has resulted from lack of recognition of the fact that for a long time the credit shortage has been apparent rather than real and due in large part to the unsatisfactory character of some of the risks offered. There is now no bank

credit available for operations designed to hold prices at fictitious levels. Orderly organized marketing, if fair, succeeds, but attempts to hold prices above the levels determined by international supply and demand are certain eventually to fail. American business and government alike have thus far kept clear of entanglements of this character, but even so, American business cannot avoid their indirect effects. ValORIZATION schemes providing for indefinite holding for arbitrary prices of such commodities as wool, silk, coffee, sisal and sugar, if successful, would involve the purchase by American consumers of raw materials at levels likely to involve ultimate loss, and as long as these plans contemplate the maintenance of an artificial price they cannot be regarded in consideration of credit risks.

Some businesses have found difficulty in getting what they have felt to be a fair line of credit. This has been because of a desire to operate on a basis of inventories of raw materials and goods not yet written down or because in these instances heavy investments have been made in plant and equipment at inflated prices. In such cases they are not yet willing to admit that they will have to take their losses and adjust their operations to make profits on real values only.

Although occasional failure to secure desired credit accommodations has served to keep alive the impression that there is a shortage of bank credit, the truth is that there is now available a volume of credit larger than present business requires. The main requisite for a return toward normal conditions is the will to try for business on a level where it can be had.

BUSINESS RECOVERY STILL FAR OFF

The First National Bank of Boston says in its July New England letter:

Midsummer this year is marked by more than the usual seasonal sluggishness in business. Frankly, the much hoped for revival in trade has failed to materialize and expectations of an active fall period are being expressed by fewer and fewer people as time goes on. As the third year since the armistice approaches its end, it is being recognized more clearly that complete deflation and a return to normal conditions are matters of a number of years instead of months, and that in spite of great and continuing progress toward the goal, the complete readjustment of industry and finance is still very far ahead of us. The most encouraging feature at present lies in the steady improvement in the banking situation. The Federal Reserve percentage has gained a very satisfactory level and the June 30 statements of individual banks to the Comptroller show marked improvement in condition, including some of the impor-

tant banks in the large centers, where the strain has been greatest. The money situation at last is actually easier, as already reflected in slightly lower rates. While collections are poor and while the procession of failures and bank committees still goes on, the financial atmosphere is distinctly better, and furnishes the absolutely necessary foundation on which the rebuilding of business may go forward. The agricultural community, perhaps one-third of our population, has had its purchasing power cut virtually in two as a result of the fall in the prices of its products, without corresponding reductions in the prices of most things which it buys. Healthy business cannot be expected and is not being realized under these conditions. Add to this loss restricted buying power of the several million unemployed and it is not hard to account for the present depression. Although retail trade, especially in cities of size, is holding up well both in dollars and quantities, raw material dealers, manufacturers and wholesalers, sensing further declines or uncertain buying, and appreciating the difficulties in operating at a profit, are reducing their commitments to a minimum. The steel industry during the month has cut both prices and wages and has begun its period of deflation, but thus far increase in buying has not resulted and production percentage is at the lowest point in history. The woolen and worsted industry is at the moment doing quite well, as are certain cotton specialties, but ordinary print cloth mills are confronted with the problem of running part time at a loss to maintain organization or to cease operations altogether. The question of further wage reductions may have to be dealt with shortly unless the situation improves. The hide, shoe and leather trades are seasonably more active, but as in many New England manufacturing lines, heavy overhead spread over small production spells little or no profit. While every day progress is being made and various betterments in the situation are being accomplished, it is idle to shut our eyes to the fact that a very considerable period of careful tedious reconstruction work has yet to be done. This period of recuperation is affected adversely by the less fortunate position of countries abroad. Even Great Britain, in a comparatively strong situation, produces only a small percentage of its food requirements and relies on a languishing foreign trade for the balance. Taking conditions as a whole, it is only fair to recognize that enormous strides have already successfully been made in readjusting matters, after the world catastrophe—likewise it is equally fair to realize that much remains to be done, requiring a great deal of time, as well as patience, labor and economy.

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New Orleans has recently returned from Europe. As to the future of our export trade he stated in an interview:

The depreciation of all foreign currencies as compared with the dollar is proving a serious barrier to our export trade and is more effective than any tariff these foreign nations could enact against us.

With all I look for a steady continued export movement of our raw materials such as cotton, naval stores, coffee, etc., and our foodstuffs, because all of these are indispensable for the European nations, and, poor as they are, they always seem to manage to finance such shipments without serious difficulty.

I am much less optimistic, however, about the future volume of our export trade in manufactured products, especially those in which the labor cost makes up a considerable percentage of the total price. Labor with us has always been better paid than anywhere, but the difference was not sufficient to prevent us from competing successfully with most of the European nations.

However, an entirely new factor has now been added which I fear will enable other nations to underbid us in the world's markets, and will cause us to lose some of the temporary advantage we gained in the export business during the war. That unfavorable factor is the status of the international exchanges.

The best illustration I can use is to quote the example of Germany. Before the war a German skilled mechanic received about eight marks a day, whereas he now receives about sixty-four marks a day, which constitutes, a fair living wage under present conditions in that country. But sixty-four marks converted into dollars at the present rate of exchange is only about 86 cents, whereas a workman of the same type gets at least \$8 a day in America.

There lies the explanation of Germany's ability to underbid us in the world's market, and the same, of course, applies to the other European nations whose currency has depreciated so much in comparison with our own.

The fact that the dollar commands a big premium may look like an unmixed blessing to the tourist, who now gets 12½ francs for the dollar where he formerly received five francs, or to the American soldier in Coblenz, whose \$30 a month gives him about 2,100 marks in Germany money (which formerly would have been about 125 marks) but in reality it is a double-edged sword which cuts both ways and will perhaps cause us to lose the commercial foothold we gained in certain countries during the war.

Ordinary tariff measures and even anti-dumping laws will scarcely suffice to overcome this difficulty, and whether we like it or not we must take an active interest in the economic readjustment of Europe.

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THE Ticonic National Bank at Waterville, Maine, is a successful, well-managed institution and its new banking house recently completed, is in keeping with the high standing of the bank. Built of cherry red brick, with granite base and limestone trimmings, it is a credit to the bank and an ornament to Maine's thriving and prosperous city. It was planned by

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EASTERN STATES

EQUITABLE TRUST PUBLISHES
NEW HOUSE ORGAN

Coincident with the celebration of the fiftieth anniversary of the Equitable Trust Company of New York, this organization has issued the initial number of *The Equitable Envoy*, a monthly house organ. The editors of this new magazine are Arthur M. DeBebian, advertising director of the company and Miss Alice Timoney. The purpose of this little magazine is to bring the members of the Equitable organization into a closer and more intimate business relationship.

The following is quoted from an editorial appearing in the initial issue which further defines the purpose and ideals of the publication.

"The coming of the *Envoy* marks a new era in the affairs of the personnel of the Equitable Trust Company. Quietly and effectively as an institution, we have borne our share of the financial burdens of our country. We have prospered and grown because we have measured up to the responsibilities which have been entrusted to our care.

"Because we have all pulled together with loyal cooperation from the very beginning this has been accomplished, and we have gained our reward in the associations with our fellows which have grown from our work.

"One penalty of growth, however, is a diminishing of these contacts which mean so much to us all. It is to guard against our becoming divided into the small units of our several departments and, in that division, forgetting that we are a part of a large harmonious whole, that this magazine has been founded.

"The heritage of our early years must not be lost. We who, in a sense, now stand at the boundary of the old and the new must cherish and perpetuate the spirit of work and fellowship which has inspired our success.

"To this end we dedicate our magazine."

The magazine is handsomely printed and enlivened with many attractive half-tones and line drawings. While not presumptuous enough to comment upon the splendid career of Alvin W. Krech, president of the company, the editors have published as a foreward a charming appreciation of the company's beloved chief.

1781

The Oldest Bank
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CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of \$1,000,000, Surplus and Undivided Profits of \$2,375,000 and Total Resources of over \$35,000,000, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

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E. S. KROMER

Assistant Cashier

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PHILADELPHIA

1921



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ARCHIBALD C. FALCONER JOINS MANUFACTURERS TRUST COMPANY

Archibald C. Falconer, who for thirteen years has been with the banking firm of Goldman, Sachs and Company, in active charge of their foreign and domestic credits, and who is nationally known as one of the

best credit men in the country, has accepted a position as a vice-president of the Manufacturers Trust Company, Brooklyn and New York. For the present Mr. Falconer will be located at the West Side office of the company, Eighth avenue and Thirty-fourth street, as an associate of Henry C. Von Elm, vice-president in charge of that office, and will have special credit duties assigned to him by the president. It is said of Mr. Falconer that he is familiar with every commercial paper name sold by brokers throughout the United States.

With the advent of Mr. Falconer, the Manufacturers Trust Company establishes the precedent of a credit council of five experienced credit men, composed of Henry C. Von Elm, Archibald C. Falconer, Frederick W. Bruchhauser, Arthur T. Miner and Herman A. Kultzow, who will hold conferences and make recommendations on important credits. Probably no institution in the city will have a better equipped credit organization with wider experience than the five men mentioned here.

FORDNEY TARIFF BILLS

The New York Commercial has reprinted in pamphlet form the Fordney Tariff Bill from the original text and is willing to send one to any interested applicant.

UNITED STATES MORTGAGE AND TRUST COMPANY

At a meeting of the board of directors of the United States Mortgage and Trust Company, New York, the regular quarterly dividend of six per cent. was declared payable June 30 to stockholders of record June 25.

At the same time, subject to authorization by the stockholders at a special meeting to be called for the purpose, the board de-



The United States Mortgage and Trust Company entertained a party on its annual outing up the Hudson River on June 25, aboard the "Cepheus," of the Iron Steamboat Line. The guests included officers and employees of the company and of the United States Safe Deposit Company. A buffet supper was served by Sherry and music was furnished by Ridgely's 69th Regiment Band.



LOOKING through the Magnifying Glass of *Knowledge and Experience*, the trained eye of the Collins specialist discerns possibilities for profitable new business in every banker's field of operation.

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An analysis of your banking situation by our specialists will clear the way for bigger business for your institution.

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PHILADELPHIA PENNSYLVANIA

clared a stock dividend of fifty per cent., payable out of surplus. This will increase the capital stock from \$2,000,000 to \$3,000,000.

SEABOARD NATIONAL BANK OF NEW YORK

The statement of condition of the Seaboard National Bank of New York at June 30, 1921, showed total resources of \$67,184,992.04, surplus and profits \$4,829,875.78 and deposits, \$52,529,045.61.

JAMES DODD

James Dodd, vice-president of the New York Trust Company, has been elected a director and member of the executive committee of the Tait Paper and Color Industries.

REPORT OF THE GUARANTY TRUST COMPANY

The Guaranty Trust Company of New York has issued a condensed statement as of June 30, showing total resources of \$729,006,336.60, with capital, surplus and undivided profits aggregating \$55,545,372.84, and deposits of \$534,460,674.33. Substantial

reductions are noted in the company's discounts with the Federal Reserve Bank, now aggregating \$46,811,855.51, as compared with \$85,489,945.09 on February 28 of this year, the date of the company's last previous statement, and present outstanding acceptances in New York and foreign offices of \$34,595,477.70, as compared with \$55,731,926.48 on February 28. The figure of undivided profits of \$5,545,372.84 is arrived at after charging off determined losses and setting aside reserves for future contingencies.

Comparative figures of the undivided profits account of the company as of June 30 for the last three years are given as follows:

June 30, 1920	\$8,260,509.24
June 30, 1919	4,479,876.83
June 30, 1918	1,815,361.51

The statement shows cash resources of \$146,009,560.77.

PUBLIC NATIONAL BANK

The Public National Bank of New York has transferred \$500,000 from undivided profits to surplus, making capital and surplus \$6,000,000 and resources \$90,000,000.

Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

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CORN EXCHANGE OPENS AN INVESTMENT DEPARTMENT

The Corn Exchange Bank of New York has announced that an investment department has been organized to give advice to the bank's clients on stocks and bonds.

The bank's announcement said: "The Corn Exchange Bank, with the view of assisting its depositors and friends to make investments of their surplus funds, has organized an investment department through which they will supply the best obtainable information as to bonds and stocks, United States, state and municipal securities, bonds and mortgages. The bank recognizes the necessity of good counsel in these disturbed times. It should be distinctly understood that this is not a movement to dispose of any securities that the bank has on hand or wishes to sell, but an organized effort to place at the use of its depositors the very best information possible."

PRESIDENT HARDING RECEIVES GIFT OF CABINET CHAIR

President Harding was presented recently with an "editorial chair," to be placed in the Cabinet room at the White House. The

gift was from six hundred members of the newspaper profession as "a true token of esteem of newspaper men to a newspaper man who has been honored with the highest office in the world."

The new chair, which takes the place of one which Mr. Wilson took with him as the gift of his Cabinet when he left the White House, is fashioned from a rib of the schooner Revenge of the American fleet in the Revolution. It is of dark oak with a natural polish. The chair was designed by Alfred C. Bossom, and the wood was donated by Stephen H. P. Pell. The craftsmanship is by Eli Benman Company, and the carving by Ulysses Ritzl.

The only ornamentation is an American



Cabinet chair, designed by Alfred C. Bossom, presented to President Harding by the editors of the country

eagle at the top, signifying the Government, and underneath this, flanking an inscript-plate, two carvings symbolizing collection and distribution of the news. At the left is a hand grasping the lightning, and on the right a woman's head with a trumpet.

The inscription says: "Presented to Warren Gamaliel Harding by fellow members of the Fourth Estate, to commemorate his elevation to the Presidency of the United States, March 5, 1921."

BANK OFFICIAL URGES ATHLETES TO APPLY CLEAN COMPETITION TO BUSINESS

The baseball team holding the baseball championship for the Bronx public schools

was awarded the Bernard K. Marcus trophy, a handsome silver cup, at the graduation exercises on June 25 of Public School No. 10, One Hundred and Sixty-third street and Eagle avenue. In presenting the trophy Mr. Marcus, who is vice-president of the Bank of United States, New York, urged the players to enter business life with the same determination to win through clean competition that they had displayed in their school contests. The Bank of United States has installed at its new Bronx branch, Southern Boulevard and Freeman street, a women's department modelled on the very successful department that has been maintained during the past year at the main offices, Fifth avenue and Thirty-second street.

CHANGES IN HEADS OF BUFFALO BANK

At the annual meeting of the stockholders of the Buffalo Trust Company, Myron S. Hall, who has been president, was elected chairman of the board, and George F. Rand, Jr., was elected president.

The stockholders also elected the following board of trustees:

Edward H. Butler, Le Grande S. De Graff, Joseph P. Fell, Frank H. Goodyear, Myron S. Hall, William R. Huntley, George A. Keller, Edwin C. Klinck, Seymour H. Knox, Edwin S. Miller, Roland Lord O'Brian, George F. Rand, Jr., Charles R. Robinson, Dexter P. Rumsey, J. F. Schoellkopf, Jr., Eugene Tanke, John C. Trefts.

Mr. Hall began his banking career in Buffalo with the Fidelity Trust Company. Under Mr. Hall's management the Buffalo Trust Company, formerly the Buffalo Loan, Trust and Safe Deposit Company of Buffalo, has grown from an institution with total resources of \$3,000,000 to its present position with total resources of nearly \$20,000,000.

Mr. Hall's election as chairman of the board will not in any way change his active duties as chief executive of the bank.

George F. Rand, Jr., who becomes president of the Buffalo Trust Company, has resigned his position as vice-president of the Marine Trust Company.

In speaking of the action of the stockholders, Mr. Hall said:

"There should be no misconception as to what has been accomplished today. The Buffalo Trust Company has not in any sense become a party to any merger with any other financial institution.

"We have only completed certain definite plans and policies which I have had constantly in mind and those plans were to



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Old registers bought, sold, repaired, and exchanged.**

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make the Buffalo Trust Company a great, strong financial institution; a material force for the upbuilding of the commercial and industrial life of Buffalo—always constructive and helpful and more especially a bank for the young men of accomplishment in the city.

In editorial comment on the bank's progress, the *Buffalo Evening News* said:

An announcement that promises expansion of a banking institution like the Buffalo Trust Company, the oldest of its kind in Western New York, is the best of good news. In the last few years, it has grown from a bank with resources of \$3,000,000 to one commanding \$20,000,000; all this under the presidency of Myron S. Hall.

In order to be better prepared to meet the increasing demands upon it, the executive organization has been enlarged. That the institution may have the best benefit of Mr. Hall's seasoned judgment and ability, the stockholders have elected him chairman of the board of trustees and have strengthened his hands by enlisting for him the services of George F. Rand, Jr. as president.

Both are conservative and constructive business men. The Buffalo Trust Company thus admirably increases its power for service to the community.

NEW JERSEY BANKERS ASSOCIATION

Ray E. Mayham, comptroller of the West-side Trust Company, Newark, N. J., William E. Walter, vice-president, United States Trust Company, Paterson, N. J. and Henry Steneck, vice-president, Steneck Trust Company, Hoboken, N. J., have been appointed a committee on foreign banking of the New Jersey Bankers Association. Mr. Mayham is chairman and Mr. Walter, secretary.

PITTSBURGH BANKS PLAN MERGER

Announcement has been made by Lawrence E. Sands, president of the First National Bank, and Robert Wardrop, president of the People's Savings and Trust Company, both of Pittsburgh, Pa., that details have been worked out for combining the banks which, when consummated, will give Pittsburgh a banking institution ranking in strength and size with the leading banks of this country.

According to the plan, as proposed in a letter jointly to stockholders of the First National Bank and of the People's Savings and Trust Company, the latter owning also

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Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

the People's National Bank, the First National will absorb the People's National and will continue the combined business of both institutions, under the name of "First National Bank at Pittsburgh," in its present location at the corner of Fifth avenue and Wood street.

The executive officers and clerical forces of both institutions will be retained.

There will be a meeting of the stockholders of the First National Bank to vote on the question of increasing the capital of the bank from \$4,000,000 to \$5,000,000, or 10,000 additional shares.

The board of directors of the First National is to be increased from thirteen to twenty-five members by the addition of the Peoples' National directors. The members of the First National board are to be added to the board of People's Savings and Trust Company.

INDUSTRIAL CONDITIONS IN PITTSBURGH

The Peoples National Bank of Pittsburgh says in its July first letter:

"Based on a composite average of the leading lines of activity in Pittsburgh district for June, industry is moving at slightly under forty per cent. of capacity. This is

perhaps slightly higher than subjoining fields, where conditions are much more unsatisfactory. The fact that the immediate Pittsburgh field is more favored in respect to trade is largely due to the lower costs and greater economies of operation at this point."

UNION NATIONAL BANK OF PHILADELPHIA

Total resources of the Union National Bank of Philadelphia, Pa. at June 30, 1921 were \$19,200,117.49, surplus and profits, \$867,250.80 and deposits, \$18,048,803.87.

J. T. MANSON HEADS BANKERS' CORPORATION

John T. Manson, president of the First National Bank of New Haven and a director of the Equitable Life Assurance Society of New York, has been elected president of the Associated Bankers' Corporation of 19 West Forty-fourth street, New York.

WILLIAM A. BOSTWICK

William A. Bostwick, president of the International Nickel Company has been elected a member of the board of directors of the Bank of America of New York.

New England States

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and Rhode Island

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ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THE usual mid-summer dullness in many lines has set in and is made more pronounced than usual this year by the lingering traces of uncertainty that have so long burdened business. Business can best be described as "spotty", and this applies not only to comparisons between different lines of business, but also to different concerns in the same lines of business. In the textile trade for instance we find one textile center working full time while others are on part time only. This is equally true of the shoe and leather trades, although, to speak generally, these trades are showing signs of renewed life after a rather protracted period of dullness. The building industry shows a decided improvement, reflecting the easier condition of the money market and the more favorable labor conditions. Building material has dropped from twenty-five to thirty-five per cent. and labor has dropped fully ten per cent. and is, as a whole, more efficient. There has been a falling off in the volume of real estate transactions through this section, but this does not indicate any trend toward dullness. Rather, it is a return toward normal, for the volume of transactions has been abnormally large for many months. Real estate prices are also tending back toward normal.

The financial situation is about the same in New England as elsewhere. The banks report a steady demand for money at the lower rates; the credit situation, which was pretty much involved during the liquidation of shoe, leather and wool prices, is steadily improving, and the bankers as a whole are much more optimistic than they were a month or two ago.

The bond and stock houses are very dull. Offerings are few and far between and buyers are very slow. The wide popularity attained by many of the industrial stocks has

received quite a jolt during the past two months and investors are holding back.

General retail trade is excellent throughout New England. The big stores report steady buying of seasonal goods, especially where prices have been reduced to attractive levels. These same stores, however, are not buying heavily themselves, but are pretty well content to stick to the hand-to-month method, instead of stocking up heavily.

Food prices have not dropped as rapidly in New England as they have in some sections of the country—a fact which is somewhat difficult to explain. On this account the cuts which have been made in wages have in many cases worked a bit of a hardship.

The settlement of the tariff question will have a wide influence on New England business, and the progress of the tariff bill has been watched with keen interest in this section.



THE FIRST NATIONAL PUBLISHES ANOTHER INDUSTRIAL BOOKLET

A third volume in the series of booklets issued by The First National Bank of Boston is entitled "Hides and Skins and the Manufacture of Leather." Like its predecessors, covering the cotton and the wool industries, this takes up the subject from the viewpoint of the layman, explaining the various processes from the raw skins to the finished leather. The use of animal skins as coverings for man dates far back into antiquity, and specimens of leather said to have been manufactured in Egypt a thousand years before the Christian era are on exhibition in a European museum.

Leather today is used for a multitude of purposes, the manufacture of boots and

shoes being only one of the many uses. The treatment of the skins and the leather differs materially in accordance with the ultimate purpose for which the product is to be used. These various processes are covered briefly, as is necessary in so limited a space, but in a manner which gives the reader a clear idea of the processes and the reasons therefor.

Part one is concerned with the raw materials, part two with the manufacture of sole leather, part three with the manufacture of upper-shoe and dressing leather, while part four covers the economic distribution of the industry, price fluctuations, etc.

Copies of the booklet may be obtained by all interested upon application to the commercial service department, The First National Bank of Boston.

GUARANTY TRUST COMPANY OF CAMBRIDGE

At a meeting of the board of directors of the Guaranty Trust Company of Cambridge, Mass., Carl T. Whittemore was elected president to succeed the late Woodford Yerxa.

Mr. Whittemore is treasurer and one of the active managers of the Whittemore Brothers' Corporation, manufacturers of shoe polishes. This business was established by the Whittemore family many years ago and is what may be called a Cambridge institution of which the business interests may well be proud. Mr. Whittemore represents the largest stock holding interest in the bank. He is very familiar with its affairs having been a member of the board of directors from the beginning of the bank.

The directors also elected the present treasurer of the bank, Lloyd A. Frost, one of the vice-presidents. Mr. Frost will also retain the office of treasurer which he has so ably filled during the past four years.

Augustine J. Daly was elected chairman of the board of directors. Mr. Daly has been connected with the bank since it opened for business about ten years ago. He has



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in serving **BANKS, BANKERS**
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transmission of funds to all
parts of the world.

Bankers can make arrangements with us whereby they can, as principals, draw their own drafts on all parts of the world, or remit by money order to payees abroad. We furnish the necessary equipment.

Correspondence invited

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been active in its management and is its counsel.

Clarence S. Farnum, for the past seven years paying teller, was appointed assistant treasurer.

The management of this Cambridge institution has been conservative and able in the past under the supervision of its late president, Mr. Yerxa. The present action of the board indicates that the same policy will be continued in the future. The aim of the board of directors is to make it a financial institution run solely for the benefit of Cambridge business men and Cambridge people, devoting its funds to the purpose of helping any legitimate Cambridge enterprise.

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000
Surplus and Earnings..... 302,580
F. A. Drury, President.
T. J. Barrett, Vice-President.
H. M. Abbott, Treasurer.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

BANKS USING HOWARD CLOCKS

One of the features of the new Seaboard National Bank building in New York is a beautiful fire place and mantel, over which has been installed a Howard clock. The Mechanics and Metals National Bank has installed a system of Howard clocks in its

The Standard American Reference Book on International Banking

The International Banking Directory, the first American directory to be published entirely in the interest of international banking, is now ready for distribution.

The intention of the publishers is to make it the standard reference work for American banks interested in foreign business and for foreign banks using American banking connections.

Banks and bankers of the United States and abroad will find this book of real value to them in connection with international business. Some of the special features included in it are listed below.

The American Banker will find :

Information about the banks in all countries with locations of their many branches listed alphabetically by cities and towns.

Lately revised maps of all countries and geographical divisions.

A large amount of economic information about each country.

Much financial and general information of value to banks interested in international business.

The Banker Abroad will find :

The most complete select list of American banks he has seen in any international directory.

Lists of principal correspondents of a large number of American banks, enabling him to trace banking connections within the United States.

Valuable financial and economic information with regard to the United States.

Maps of the United States and of the Federal Reserve Banking System with interesting information regarding the latter.

The book is 7 x 10 inches, strongly and handsomely bound in red cloth and contains 527 pages, exclusive of maps and inserts, completely indexed.

SUBSCRIPTION ORDER

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Please send us prepaid copies of the current issue of *The International Banking Directory*, for which we will pay Ten Dollars (\$10.00) per copy.

Name

Address

Signed by

Produce Exchange branch in the new Cunard building on Broadway. The Merchants National Bank of Boston is extending its Howard clock system in the new addition to its banking rooms.

The Webster and Atlas National Bank of Boston has erected a new outside clock on its bank building, corner of Washington and Court streets and the Massachusetts Trust Company of Boston has put up outside Howard clocks on both main and branch offices.

These clocks have been installed by the E. Howard Clock Company, who have been clock makers in Boston since 1842.

BOSTON NATIONAL BANK MAY TAKE OVER HANOVER TRUST

Bank Commissioner Joseph C. Allen announced that he would file with the supreme court a petition asking for approval of an agreement whereby the affairs of the Hanover Trust Company, closed nearly a year ago as a result of its relations with Charles Ponzi, will be taken over by the newly chartered Boston National Bank.

It is understood that, if the transfer takes effect, savings depositors of the Hanover Trust will receive 100 cents on the dollar, while commercial depositors will get between 60 and 65 cents.

The leading figure in the Boston National Bank is W. Graydon Stetson, and it is understood that a number of the leading Italian merchants of the North end are also interested. By taking over the Hanover Trust Company, the new institution will have two well-established places of business, the main office of the Hanover, at Washington and Water streets, and the branch on Hanover street.

It also became known recently that the various stockholders and depositors' committees of the Prudential Trust Company, another closed institution, which has been at odds with the bank commissioner, has agreed to work in harmony pending final settlement of the banks' affairs. A committee of stockholders, consisting of Joseph N. Paradis, Osgood C. Blaney, Timothy J. Murphy and Henry F. Woods will confer with the bank commissioner and liquidating agent from time to time, and report back to other stockholders.

PROMOTIONS OF STATE STREET TRUST COMPANY

At a recent meeting of the directors of the State Street Trust Company of Boston,



Get YOUR Share OF NEW BUSINESS.

Proper copy, skillfully written; will impress your institution's name and methods firmly in the minds of prospective customers.

Our ten years banking experience is at the disposal of ten new accounts this year.

Write us. We may be able to aid you.

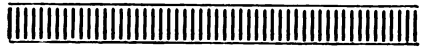
Lambert & Ashley

Individual Copy at Syndicate Cost.

7 COLLEGE STREET

Providence

Rhode Island



Mass., Walter F. Pickett, formerly assistant treasurer, was elected treasurer, and William E. Chamberlain and Alexander V. Campbell, formerly assistant secretaries, were elected assistant vice-presidents. Frederick S. Millett was elected assistant treasurer, Clifford L. Lyall, formerly vice-president and treasurer, will continue as vice-president.

PROVIDENCE NATIONAL BANK

The Providence National Bank of Providence, R. I., at the close of business, June 30, 1921, showed total resources of \$4,442,447.24, surplus and undivided profits, \$1,253,566.57, and deposits, \$2,147,399.46.

DANIELSON TRUST COMPANY

The statement of condition of the Danielson Trust Company of Danielson, Conn., at the close of business, June 30, 1921 showed total resources of \$337,386.32, surplus, \$20,000, undivided profits, \$26,000, and deposits, \$673,114.45.



*Second National Bank
Philadelphia, Pa.
Stearns & Woodruff, Architects*

Modernizing Your Bank Front

When your building has become antiquated and you do not deem it practicable to erect a new one, an attractive front of an impressive and substantial character will prove to be a judicious investment.

Indiana Limestone is most admirably adapted to the refacing of ordinary old buildings and is specially suitable for the construction of attractive fronts of all moderate sized buildings, as well as for the finer and more massive structures, and its cost will bear favorable comparison with any permanent form of construction.

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Indiana Limestone bank buildings
will be sent you on request.*



Indiana
LIMESTONE

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

THE continued steadiness of business in the South justifies the opinion expressed by Roger W. Babson, the well-known student of economics, that the South will be the first to recover from the national depression.

In a great many sections, there is of course hard scratching. There is no use allowing the very real cause for optimism to blind one to the facts. The cotton crop of the South is sixty-six per cent. of normal—which is higher than it was a year ago, but considerably lower than it was for the two years before that, or for the ten-year average. The price of cotton and other southern staples is low, and they are not moving fast even at that price. A number of saw-mills are running on part time, and some are talking of closing.

But all the same, there is a strengthening of the general business situation.

According to reports received from twenty-four representative department stores in the Sixth Federal Reserve District, the percentage decreases of sales for May, 1921, compared with May, 1920, are less than they were between April, 1921, and April, 1920.

There is only a difference of 16.8 per cent. between the sales of May, 1921, and May, 1920. Sales for the first five months of 1921 are only 10.7 per cent. lower than for the same period of 1920. Taking into consideration the difference in value this year over last, this is a most favorable showing.

Of the principal cities in the South, New Orleans' sales made the least drop. May's sales at New Orleans were only 12.1 below those of May, 1920; and the sales for the first five months of this year were only 3.9 per cent. below those for the same period last year. Nashville was second, with a drop of 14.8 per cent. in May, and of 10.4 per cent. for the five month period. Albany, Georgia, was third, with a 28.5 per cent. drop in May, and an 18.3 per cent. drop for the five month period.

Throughout the district, wholesale dry-

goods, hardware and shoes had smaller sales during May than April, 1921. Wholesale groceries, however, showed a four per cent. increase.

Manufacturers of cotton hosiery report continued, though slight, improvement. Stocks of manufactured products have decreased slightly. Prices are about sixty per cent. below last year's.

In the brick and clay product manufacturing industries of Alabama and Georgia, some improvement is shown.

Cottonseed oil and peanut mills, are however, barely moving, while overall factories are working on only about a fifty per cent. basis.

While pig iron sales in the Birmingham



John D. Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Ask Your Stationer for **Bankers Linen and Bankers Linen Bond**

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

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INCORPORATED

34 Beekman Street, New York

district have not materially increased, there is a more confident feeling. Practically all of the present business is for immediate delivery. An increase in the tonnage output of furnace yards is reported. Latin-American orders are being received. Four open hearth furnaces have recently been opened.

Steel operations in the Birmingham district are far below capacity mark. The principal shipments are of rails, plates and other shapes to foreign countries.

The Alabama coal production has fallen off, due to the lack of demand. This is a seasonal showing. In Tennessee, however, there has been an improvement. There are more mines in operation, and the tonnage produced has increased.

There has been a general increase in building activities. This is due to the drop in material prices, which has been considerable, and the partial readjustment of wages. The principal construction is of small houses, to meet the shortage of homes.

Throughout the South, the financial situation is steady. According to the statistics of the Sixth Federal Reserve Bank, three

Alabama banks report two to ten per cent. increases in loans for May over April; while three report five to nine per cent. decreases. Three Florida banks show a smaller volume of loans in May, and one a slight increase. Five Georgia banks show decreases, six no change and one a slight increase. Three Louisiana banks show decreases. Two Tennessee banks show increases and two decreases—slight in all cases.

Compared with the loans of May, 1920, decreases are shown by four Alabama banks, two Florida, seven Georgia, two Louisiana and two Mississippi. These decreases range from twenty-four to thirty-one per cent. Increases are reported by two Alabama banks, four Georgia, one Louisiana, three Mississippi and three Tennessee. These increases range from twenty to thirty-five per cent.

There is a general decrease in deposits, but savings accounts do not seem to have fluctuated greatly. In fact, the savings accounts are generally larger during May, 1921, than they were during May, 1920. This is an important commentary on the growth of thrift, when one remembers that there has been a general reduction in wages.

Up to the end of June, the Federal International Corporation, the South's Edge bank, had loaned \$4,782,000 to the export business, principally in cotton. The amount loaned a month ago totaled only \$3,000,000. Thus nearly \$2,000,000 of the South's production has been liquidated during the past thirty days by this agency alone.

It is true that most of these loans have been made on a short-time basis, while the Edge banks were designed to give long-time credits. When a practical plan for credit insurance has been worked out, the credits can be considerably extended.

Producing as well as shipping centers of the South are working more and more to develop foreign trade. That is the obvious outlet for surplus production, it is the means

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange remitted without charge.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMNERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM B. WEBB, Asst. Cash.

through which production can be greatly increased beyond even the present capacity.

The question of transportation rates is receiving a great deal of attention. With the increased costs and decreased business, every economy is necessary, and the twenty per cent saving by using water carriers, is an important item. The Mississippi Valley is drained by 20,000 miles of navigable waterways, most of which converge at New Orleans; and the business of the Government barge line on the Mississippi and on the Warrior, in Alabama, has greatly increased.

The shipping business of New Orleans is reflected in the gain of more than three quarters of a million dollars of the earnings of the public wharves and warehouses.

In grain exports, New Orleans has made remarkable progress during the past year. Of wheat, 68,449,926 bushels were exported from New Orleans during the eleven months since July 1, 1920, as compared with 11,192,715 for the same period of the preceding year. Corn exports have gained 6,272,230 bushels—the total for the eleven-month period of this fiscal year being 7,188,161 bushels. Rye exports have gained nearly a million bushels.

To handle this increased business, the dock board of New Orleans is building a

\$400,000 addition to the public grain elevator. This will handle the grain shipments received from the barge line, without taking up the berthing space of the ocean going tonnage. The dock board is also increasing the general cargo terminals used by the barge line, and the barge line is adding another deck to its entire fleet, to increase the carrying capacity.

Reports from the agricultural districts of the South show that crops are being raised at about one-fourth the price of last year. This should insure the farmers a profit even at the reduced prices of foodstuffs. Loans to farmers of Louisiana, Mississippi and Alabama are being made by the Federal Farm Loan Bank at the rate of \$25,000 to \$50,000 a day. By August 15, this bank expects to have loaned something like \$4,000,000.

As soon as the crops begin to move, conditions in the South should materially improve. Perhaps the fall will see this section out of the woods.

And preparing for that, an Interstate Farm Congress is called for mid-September in New Orleans. Farmers and business men of Louisiana, Arkansas, Mississippi and Alabama are invited. The purpose is to increase production, improve quality, develop

PEABODY COAL SUPPLY SERVICE



Large consumers of coal can secure a constant supply without the uncertainty of a fluctuating market — without the hazards and burden of operating mines — by the practical plan which has

Saved \$1,000,000 in One Year for One Company

A long term contract for the output of a mine gives you all the advantages of ownership with none of the disadvantages. You secure your coal supply at the rock bottom cost of efficient operation, plus a minimum fair profit, through the facilities of a practical coal mining and managing organization. Executives can obtain our descriptive illustrated book by request on business stationery.

PEABODY COAL COMPANY

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332 So. Michigan Ave. • CHICAGO

Operating 36 bituminous mines in 11 fields with annual capacity of 18,000,000 tons

a better system of packing, and bring the farmers and middlemen closer together. A good roads program will also be worked out.



CITY NATIONAL BANK OF TUSCALOOSA

The City National Bank of Tuscaloosa, the oldest bank in Alabama, has outgrown

its present quarters and arrangements have been made for a new building. It is estimated that the building when completed will cost around \$100,000 and will be one of the most modern banks in that part of the country. The architecture will be true Greek Doric of massive proportions, with an exterior entirely of bush-hammered Georgia marble, with a granite base. The building will consist of a basement, main floor and mezzanine floor.

The interior will be finished in marble and will be well adapted for all banking purposes. Eleven windows will be provided for the customers. In addition there will be the officers' space, private offices, ladies' room, directors' room, employees' room and private coupon booths for the holders of safe deposit boxes.

The safe deposit vaults will represent the last word in security, with twenty-seven-inch reinforced concrete walls and with a massive round door, sixteen inches thick and weighing 34,000 pounds. There will be space for over 1,000 safe deposits boxes in addition to a number of large lockers. A large book vault is located on the main floor and two storage vaults in the basements.

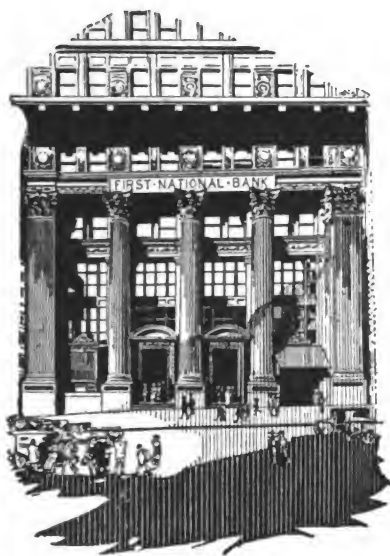
NEW ORLEANS BANK HAS NEW BUILDING

The Canal-Commercial Trust and Savings Bank of New Orleans, opened its new bank building at the corner of Common and Carondelet street, on June 20. Other banks and many of the commercial institutions of New Orleans as well participated in the event by sending flowers, and all day long the banking rooms were thronged with the patrons and friends of the institution who called to offer congratulations. The interior of the bank is finished in Travertine Claire Italian marble of a buff tone, with floors of white Italian marble. The walls are of Caen stone with ornate cornices and ceilings and the columns are encased in marble. The cages of the tellers are of marble, bronze and glass, highly decorated, yet simple in design.

The main banking room has a clear height in the center of thirty feet from the floor to the glass roof or skylight, above the center of the room. A mezzanine floor extends around the four sides of the room which is reached by an elevator and private stairway. On this floor the large clerical force of the bank has its quarters. On the Carondelet street front of the banking room the officials of the institution have their

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V. Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

desks. The bank has a combined capital and surplus of \$6,000,000. W. R. Irby is chairman of the board of directors and J. P. Butler, Jr., president of the institution.

BOOKLET DESCRIBING NEW ORLEANS CANAL

The Hibernia Bank and Trust Company of New Orleans, La., have published a brochure describing the "Industrial Canal" which the city of New Orleans is building to promote world-wide trade and commerce. The booklet is illustrated with excellent photographs of the work in process and architect's drawings of the plan as it will be when completed.

HIBERNIA BANK AND TRUST COMPANY

The report of the condition of the Hibernia Bank and Trust Company of New Orleans, La., at June 30, 1921 showed total resources of \$53,528,643.56, surplus, \$2,500,000, undivided profits, \$104,920.67 and deposits, \$40,406,529.66.

FIRST NATIONAL BANK OF HATTIESBURG

The statement of condition at June 30 of the First National Bank of Hattiesburg, Miss., showed total resources of \$4,553,538.60, capital, surplus and undivided profits, \$479,064.48 and deposits, \$3,838,835.47.





**The Woodlawn Trust & Savings Bank
Chicago**

The strength of Chicago's outlying banks is evidenced by the unusual number and quality of the new bank buildings erected during the past year. The accompanying illustration is typical of the many structures designed and built by the Weary and Alford Company.

WEARY AND ALFORD COMPANY

Bank and Office Buildings

1732 South Michigan Boulevard, Chicago

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

THE Central West still lags in liquidation as compared with the northeast, but is making progress. The agricultural districts are the slowest in the clearing up of loans. Many of the banks in the large cities have materially reduced their borrowings from the Federal Reserve Bank, the account of the largest Chicago member being less than twenty-five per cent. of the figures at the peak of last December; yet the aggregate of rediscounts holds up close to the \$325,000,000 mark, and of late has shown a tendency to increase again. These figures compare with \$370,000,000, the high record mark, and indicate that the improvement has been almost altogether urban.

Bankers are not concerned about this condition, as they have felt all along that the country would be slow in digging itself out from under the financial load taken on during the time of expansion and inflation, but they have no doubt that the farmer ultimately will solve his debt problem satisfactorily in spite of the drastic declines in the prices of virtually everything he produces. A favorable indication in this direction is the free selling of farm products which has been in progress for several months, and the liberal movement of new grain from the southwest, which started as soon as threshing of wheat was under way. This means that there is to be no more withholding of commodities for higher prices; that although it may take two bushels of wheat to bring in as much money as one bushel this time last year, the two bushels are to be sold and the proceeds will soon make themselves felt in the cancellation of obligations. With bountiful crops reasonably certain and a large carry-over from previous years' production, a large amount of money will thus be released in the second half of the year.

For the present, however, financial conditions are not much changed from a month ago. This is the reason why the directors of the Federal Reserve Bank of the seventh district have not yet followed the lead

Banking

Trusts

Securities

Real Estate

—
Complete
Trust Company
Service
—

Mississippi Valley Trust Co.

St. Louis

of New York and nine other reserve banks in reducing the rate of rediscount to six per cent. The Chicago bank and the one at Minneapolis are the only reserve institutions in which a rate higher than six per cent. is maintained. The directors do not believe that a reduction is warranted at present or that an artificial appearance of easing conditions would be of any service in the financial readjustment. The reduction of the Chicago rate from seven to six and one-half per cent. a few months ago was followed by a renewal of the upward tendency of rediscounts, which is regarded as pretty good evidence that a further cut would not exert an influence for the hastening of liquidation.

Super-Safety

LOOK FOR
"THE MARK OF SAFETY"
Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use.

Insured
BANK-CHECKS

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of you and your depositors
without increased cost.**

In hundreds of towns and cities these INSURED checks are now already being used by banks as a powerful influence to attract new business.

A Master Bond, beautifully designed and framed to hang in the lobby, protects each bank. Individual Bonds guard your depositors, providing most perfect identification also. They give banks a fine "point of contact" in their constant visible evidence of security against check raisers. Is your bank helping to prevent a loss estimated at \$30,000,000.00 for a single year?

Write us or see our representative

The Bankers Supply Company

*The Largest Manufacturers of Bank Checks
in the World*

New York Chicago Denver
Atlanta Des Moines San Francisco

Commercial paper rates on the bulk of the business are from six and three-quarter to seven and one-quarter per cent., but the demand for money is not very heavy and the outlet for paper is much restricted. Highest class names, when they appear can sometimes be placed as low as six and one-quarter per cent., but there is not much of this kind of paper offering. Bank loans hold at seven per cent.

The completion of arrangements for the \$50,000,000 banking pool for the lending of money to the livestock industry is one of the most favorable developments of the month. Its psychological effect is expected to be more important than its actual service in relieving the financial needs of the industry. The interested bankers do not expect that anything like the sum subscribed will be required and they would not be surprised if the need that called the pool into being should pass before the end of the time it was intended to cover. Of the money \$25,000,000 was subscribed by eastern bankers and a like sum by western financial houses.

The beginning of operations by the pool was delayed for some time by some differences of opinion as to the advisability of making eligible for rediscount at the Federal Reserve Banks the paper to be taken on the loans. The eastern bankers were rather insistent on this feature because of the fact that they carry a larger proportion than other cities of loans secured by stocks and bonds—non-eligible paper. The western bankers wished to avoid any technical evasion of the reserve law restrictions on rediscounts, regarding such a precedent as dangerous. The matter was finally worked in a manner satisfactory to both, and to the Federal Reserve Board.

Loans are to be made at six per cent., to which is to be added one per cent. for the banker through whom the transaction is made, and a charge for administrative expenses, making about eight per cent. to the borrower. The loans are to run not more than thirty months, represented by six-month paper subject to renewal. This maturity places the paper in the eligible class. The paper is to be deposited with the Federal Reserve Bank of Chicago, and allocated when a member bank desires rediscount. This avoids the question of rediscounting participation certificates, which is what the eastern bankers proposed and the precedent which was opposed by the western bankers, and by the governors of reserve banks.

Retail business has held up surprisingly well this month, being stimulated, as it was

throughout June, by steady summer temperature, which brought out an exceptional demand for hot weather apparel. This has assured a good clearance of merchandise for the season, which is reflected in greater confidence on the part of merchants in making commitments for fall. An influence in the same direction is the greater steadiness of dry goods markets. Shoes are moving well, and there has been increased activity in footwear manufacturing, causing in turn a strengthening of the hide and leather markets.

Except for a lull due to holidays and inventory-taking in the first week of July, wholesale business has been satisfactory, especially in the matter of orders for at once delivery. This habit of buying seems to have become fixed among merchants and with transportation service as prompt as it is now is not likely to be changed until prices reach a permanent basis. Stocks are becoming low and the margin between consumption and production is narrower, this combination of circumstances making a good foundation for a revival of business activity.

Settlement of the building trades trouble in Chicago drags. Work on unfinished projects was resumed when the controversy was submitted to arbitration last month, and construction of scores of small dwellings was begun; but large undertakings await the final adjustment, the fixing of wages and removal of jurisdictional union disputes. Operations now in progress have lessened the number of unemployed and brought about moderate activity in materials, but there is nothing like the boom which housing needs would warrant, and it is doubtful if time remains for one to develop this year.

Manufacturing does not improve. Steel mills are running at twenty-five to thirty per cent of capacity. Orders are few and prices are weak. Further cutting this month by both the corporation and the independents has awakened new interest among buyers, but it probably will be some weeks before any beneficial effects of these revisions are noticeable. Implement-making is almost at a standstill and farmers are buying little. Automobile plants are a little more active on the whole, but the gain is not uniform, a few having a disproportionate share of the improvement.

Strengthening of the banking position was shown in statements made in response to the last calls, state and national. Loans were materially reduced and deposits decreased only slightly. In the matter of savings there was a pleasant surprise. These



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**



This is YOUR Credit Department

WE have occasion to get credit data covering almost every concern of importance in the whole country — and we do not know of any better use to which this wealth of information may be put than to save time and trouble for our correspondents.

Get into the habit of writing us when you want credit information on some company or commercial paper.

The credit department of The Union Trust Company is the credit department of every correspondent bank associated with The Union Trust Company.

Capital and Surplus \$33,000,000

The Union Trust Company Cleveland

deposits in three months showed an increase of \$12,000,000 to a new high record total of \$509,149,700 for all the Chicago banks in the face of general business conditions which would seem to warrant the expectation of a decrease.

Investment demand, after being almost at a standstill during June, shows improvement since the first of July, and several new security issues have met with a satisfactory response. This is especially true of the forerunners of a large amount of railroad financing expected in the next few months.



CHANGES IN NATIONAL CASH REGISTER COMPANY

Announcement has just been made of three important changes affecting leading executives of the National Cash Register Company.

John H. Patterson has resigned as president and general manager of the National Cash Register Company but will continue actively in directing the affairs of the company. As chairman of the board of direc-

tors, Mr. Patterson will advise the directors and help formulate the policies of the company. His son, Frederick B. Patterson, was elected to succeed him as president, while J. H. Barringer was made general manager.

John H. Patterson has been president of the National Cash Register Company for thirty-seven years. He is regarded as one of the world's greatest business leaders. The institution he has built in Dayton is regarded as the world's model factory. He built it from a workshop of one room with two employees to an organization employing more than 10,000 men and women in all parts of the world.

Frederick B. Patterson is twenty-nine years old. His first work was on a farm. He attended school for two years in England, and has been connected with the N. C. R. for eleven years. He has been taught the principles of business by his father, learning the N. C. R. business from the ground up. He started in as a workman in the foundry. In the interests of the company he has visited all of its agencies, except Africa, Australia, India, Russia and Mexico. He was manager of the foreign department for two years, and until he en-

Buying and Selling

orders for Liberty Loan Bonds and Victory Notes promptly executed.

Nominal market quotations on Liberty Bonds are furnished daily upon request.

Correspondent banks are invited to use this service.

General Banking Trust Service Investments
Foreign Department

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

Bond Department
R. U. LANSING, Vice President & Manager

Banks and Bankers Department
F. A. CRANDALL, Vice President

tered the service of his country in 1917. In the late war he rose from a private in the ranks to a commission in the air service.

This change in the official family of the N. C. R. places more responsibility on F. B. Patterson. The N. C. R. business is one of the largest businesses in the world. There are many problems to be solved. He has stated time and again that the policies of his father are the ones which will govern him in all that he does. This means that the world situation will take much of his time and attention in an effort to help bring order out of chaos.

J. H. Barringer, the new general manager, was promoted from the ranks. He started with the company fourteen years ago, holding a minor position. He earned promotion very rapidly and in 1918 was made first vice-president and assistant general manager. Mr. Barringer is only thirty-eight years old. It is a remarkable tribute to his perseverance and ability that he has been chosen to manage one of the world's greatest industrial institutions.

EVANSVILLE BANK CELEBRATES PRESIDENT'S BIRTHDAY

Francis J. Reitz, president of the City National Bank of Evansville, Indiana, was

honored by his friends and associates on July 7 in commemoration of his eightieth birthday. Directors of the bank presented him with a silver loving cup.

Mr. Reitz has a record of sixty-eight years in business life. He started work when twelve years old as a messenger at the Crescent City Bank in Evansville later becoming bookkeeper. He became a director of the First National Bank, predecessor of the City National, in 1876 and president in 1893.

COMPLETES FIFTIETH YEAR IN BANKING

L. A. Murfey, vice-president of the Guardian Savings and Trust Company, Cleveland, Ohio, president of the National Commercial Bank at the time of its merger with the Guardian, completed his fiftieth year in Cleveland banking, July 9.

He entered the Merchants' National Bank, July 10, 1871, as messenger. When the Merchants' National became the Mercantile National in 1884, he continued with the organization and was cashier when the Commercial National and the Mercantile combined to form the National Commercial Bank. Following the resignation of Wil-



Courtesy of J. I. Case Plow Work Co., Racine, Wis.

Wallis tractors just finishing road work on the Minnesota state roads in Martin County. The first tractor went 4500 miles without repairs, still using original set of spark plugs

liam G. Mather from the presidency in 1917, Mr. Murfey became head of the National Commercial. With its merger with the



L. A. MURFEY

Vice-president Guardian Savings and Trust Company of Cleveland

Guardian Savings and Trust Company last February, he and his brother, C. L. Murfey, became vice-presidents of the combined institutions.

The two brothers, with E. T. Shannon, vice-president, and H. C. Hutchinson, assistant treasurer, are in charge of the Commercial office of the Guardian.

ELECTED VICE-PRESIDENT OF MINNEAPOLIS BANK

At a meeting of the directors of the Midland National Bank, Minneapolis, Minn., Walton R. Murray, formerly assistant cashier, was elected vice-president and di-

New York Laws affecting Business Corporations

Revised to July 1, 1921

Contains the Amendments of 1921, including the Blue Sky Law and the provision permitting Public Service Corporations to issue non par value shares.

Price \$2.00

United States Corporation Company

65 Cedar Street, New York

rector. Mr. Murray has had thirty-one years' banking experience in Minneapolis starting July, 1890, with the First National Bank as messenger. He has progressed step by step through the bookkeeping, receiving teller, credit and new business de-



W. R. MURRAY

Vice-president Midland National Bank of Minneapolis, Minn.

partments. At the consolidation of the First National and Security National Bank in March, 1915, Mr. Murray came to the Midland National Bank in the capacity of assistant cashier. Prior to his leaving the First National Bank he was engaged in the country bank business department.

LIBERTY CENTRAL TELLER MAKES ITS BOW

The first issue of the *Liberty Central Teller*, a monthly publication devoted to spreading the light of better understanding and good will among the customers and friends of the Liberty Central Trust Company, St. Louis, has just been published.

The purpose of the publication, as expressed by President J. I. Johnston, is "to



Out in the Northwest

A BANK with resources
of over \$100,000,000
—the leading financial in-
stitution of its section—
the logical clearing point
for business intended for
Twin City territory.

First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars



Seven Departments

All National

- | | |
|----------------------|------------|
| 1. Commercial | 4. Trust |
| 2. Savings | 5. Bond |
| 3. Banks and Bankers | 6. Foreign |
| 7. Safe Deposit | |

This institution with its seven departments is a striking illustration of the broad scope which the service of a strictly National Bank may now assume under existing laws. And each of our departments is actively functioning.

What may we do for you?

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, more than \$15,000,000.00

endeavor to carry to our host of interested friends, something of our purpose, our restless eagerness to serve and our determination to make the Liberty Central Company unusual in its scope."

The first issue refers to the days of ruffled skirts and stage coaches, when the foundation for what is now the Liberty Central Trust Company, was laid. The first location of the bank was at 35 North Main street, in a store which was rented at \$1,200 per year. The article is entitled "Liberty Central Yesterdays" and will be continued in serial form in succeeding issues.

The back page of the publication, entitled "A Page of Goodfellowship" is devoted to the interests of the Liberty Cen-

tral Trust Club, composed of the employees of the Trust Company. In speaking of the purpose of the club, R. D. Kerr, the president, makes the following statement: "It is the purpose of the Liberty Central Trust Club to foster among its members a spirit of mutual helpfulness and interests; a full realization of every opportunity and obligation; every possible assistance to grow mentally, physically and morally by fostering interest in reading, study, clean sports and amusements."

The layout and general appearance of the publication is unlike any of its nature being published by a financial institution and shows a departure from uninteresting shop talk.



Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana,
Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN WESTERN STATES

By SAMUEL SOSLAND

NATURE is apparently refusing to heed the current actual supply and demand conditions in the great agricultural areas of of the West. Nature, instead, appears to be heeding the possibilities of the potential demand. The West, anyway, is enjoying a better crop season than some of its most optimistic farmers and business men had hoped to witness, in view of the excellent yields of the last few years. Wheat and oats are turning out better than expected. Corn is making excellent progress. Pastures are luxuriant in growth. Thus, so far as crop conditions are concerned in the present critical period of the growing season, the West could hardly ask for more than it is receiving.

If the volume of harvests already garnered and in prospect was the sole determining factor in the business of the western states, commission dealers, merchants, manufacturers, railroad operators and other classes would be making only optimistic reports as to their trade experiences. However, with the exception of the advices as to the progress of crops, optimistic reports as to economic conditions in the western states are rare. Domestic and foreign credit conditions continue to affect the West adversely.

Many products, notably cattle, sheep, wheat, corn, oats, hay, bran, lumber, oil and meals, are at new low post-war levels. The past month recorded some severe declines, especially in sheep, cattle and grain. Stocker and feeder cattle are exactly fifty per cent. cheaper than a year ago. Crude oil has declined to \$1 a barrel in the Mid-Continent field. To cope with these great shrinkages in prices is difficult, but the West is in many instances reconciled to the lower markets. However, it is still restless about the declines because the demand situation does not offer much encouragement to those who are anxious for greater stability. Even oil is weak. Cattle are weak at the present levels. Competition is keen for lumber

business, and operations of mills are considerably below normal.

The West would be greatly encouraged by an increase in the purchasing power on its markets even without changes in prices. It is true that many stockmen cannot liquidate their debts by sales at present prices, as some acquired breeding ewes at \$20 a head and cannot now obtain more than \$5. But nature is so generous to the West that there is an abundance of feed, and the productive power of this territory is capable of effecting liquidation in time. Both the cowman and the flockmaster, with annual crops of calves and lambs and with the natural development of their herds, add to their capacity to pay off loans from year to year. So long as there is a lack of stability in prices, however, neither stockmen nor farmers in debt to banks can plan for the future. Buyers, too, are discouraged even where they possess the capital or credit necessary to enter markets.

Nature's lavishness in the West makes this territory feel with more confidence that the necessities it produces will sooner or later find wider markets. It inclines to the view that nature is looking to the potential demand in cooperating toward the production of large crops because it knows there is hunger in scattered portions of the Old World and that its wool, its lumber, its metals and its oil could be consumed on a larger scale under different economic conditions. When these economic readjustments are effected, then the West will brighten up. It feels that it will be the first to benefit from a turn for the better in the purchasing power of the world, as its products are necessities. A hint of the possibilities in this connection is contained in the hog market, which is making the best returns to producers because of the stimulus of larger European buying. Europe is a heavier buyer on account of the fact that pork sustains the laborers who must toil to rebuild war-torn lands. As more and more pork is sold to Europe, it follows that its industrial conditions will improve to a degree that will bring a broader demand for other products of the West.

Along with improved buying by Europe,

PARK AVENUE HOTEL

4th Avenue, from 32d to 33d Streets
NEW YORK
Subway Entrance at Door

One of the best known hotels in the metropolis. Convenient to shopping, theatres, and in the heart of the wholesale district. Less than 50c. taxi fare (one or more persons), from either railway terminal. Surface cars pass door.

PRICES FOR ROOMS

50 Single rooms.....	\$2.25 per day
100 Single rooms.....	\$2.50 per day
250 Double rooms.....	\$4. per day and upward
Single rooms, with bath.....	\$4. per day and upward
Double rooms, with bath.....	\$5. per day and upward

Popular Price Cafeteria and Regular Restaurant

The Sunken Palm Garden is surrounded by Dining Balconies, and a fine Orchestra is stationed here every evening.

GEORGE C. BROWN, Proprietor

the West needs a healthier distributive system in the channels of domestic trade. At Kansas City recently a sheepman averaged 70 cents a head net on a consignment of old sheep. After making this bitterly disappointing sale, he went to a hotel for an evening meal of lamb chops, and paid 90 cents for three chops! This is only an example of the disparities that prevail. The sooner they are eliminated and the sooner consumers pay prices that are more nearly in line with the primary market quotations, the broader will demand become in domestic channels, with perhaps a stabilizing influence on prices. This territory appreciates so keenly the need for a healthier price relationship that it regrets that President Harding has not been more active in his expressed determination to force a readjustment in retail prices.

Wheat stands out as the dominating product in this section. The winter wheat states have completed their harvest and also report rapid progress in threshing. In the spring wheat sections the crop has been damaged materially by hot weather and lack of moisture, but the situation has lately been improved by rains and cooler temperatures. Threshing returns on the winter wheat crop in the larger producing states indicate more generous yields than had been anticipated at the time of the harvest. In many sections of Kansas the yields are averaging twenty-five to thirty bushels an acre. The quality of the grain also is considerably above normal, with a high test weight and excellent color.

Strong pressure has been exerted against the wheat market, with the prices at terminals allowing hardly more than 80 to 90 cents a bushel net to producers. Foreigners have been small buyers, the United Kingdom having been entirely out of the market for some weeks. Depression in foreign

exchange rates, difficulty of private importers to finance purchases, approaching maturity of the crops of the Old World which are said to be good and belief that values would work down as the new crop movement advanced, have served to withhold European demand. This has also been a factor in the foreign demand for flour, but the slackening in the sales of the manufactured product to the Old World has been more than offset by a heavy end-of-the-crop domestic demand. Farmers are expected to sell new wheat very freely; in fact, the movement already has reached a larger than average volume for the season.

The coarse grains are very weak, but in view of the enormous farm and visible stocks and excellent new crop prospects, the trade is not surprised at the new low price levels. Markets are quoting corn below a cent a pound.

The live stock industry occupies an unenviable market position for the present. The sheepmen and the cattlemen of the western states are finding demand slow at the low prices. Various measures proposed to strengthen the market have thus far been of little avail. The cheapness of feed is a supporting influence for the stocker and feeder trade. Heavy sales of grass cattle are being made, the season on pastures having been excellent thus far. Some leaders in the commission business in the West have quietly appealed to packers to lend more support, if possible, to prices until financial conditions and unemployment change in a manner that will give more natural strength to the trade. Hogs are surprisingly high and profitable to producers, but the western states as a whole are not heavy producers of this stock. Horses and mules continue to need a revival in the cotton market to lift them out of the depression ruling on all stock yards.

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital	\$1,000,000
Surplus (Earned)	\$1,000,000
Total Resources (Over)	\$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

Only a fraction of the normal volume of horses and mules is moving through markets, with prices down as much as fifty per cent. from a year ago.

General mercantile and labor conditions show a small seasonal change for the better, but the improvement is not normal by any means. The harvests have provided employment for large numbers of idle workers out of oil, copper, mining and industrial localities. As the harvests are completed, unemployment tends to increase. The proceeds of new crops are bringing out farm buying, but cautiousness and opposition to current levels are still widely manifest. The small country merchants are buying on a hand-to-mouth scale from wholesalers and jobbers, while the latter are pursuing the same policy. The oil districts, having experienced further price cuts, are more inactive than at any other time in many months. Lumber operators are producing below normal, owing to the failure of building operations to increase to the scale anticipated. Recent building trades inquiries at Chicago and Kansas City upset public confidence in the lumber and other building

material markets. Coal mining activities have been sharply reduced. The coal producers are not enjoying even the minimum volume of railroad demand contracted on their books, while the shrinkage in fuel oil prices is making extensive inroads on their already reduced industrial outlets. Fuel oil is so cheap that packers, millers and other consumers of fuel are spending thousands of dollars to change their machinery from coal to fuel oil burning. Advices from distributive points make the copper mining districts more hopeful as to the future, but they are still operating on a very small scale. Railroad traffic shows an increase with the movement of new crops, but high freight rates continue restrictive.

Financially, the West continues to record improvement. The grain areas are making the best showing. New wheat in the winter wheat states is already bringing about additional liquidation. Liquidation is slowest in the live stock districts. Bankers continue to display a strong desire to reduce their Federal Reserve bank borrowings despite further declines in discount rates. Money would be easier on the surface than

LOS ANGELES

A. B. A. Convention Those contemplating attending the A. B. A. Convention in October are cordially invited to call upon us for any advance service or information.

Information. Our Department of Research and Service is at the call of any banker who wants to know of the commerce, industry or agriculture of this region, or fundamental economic conditions regarding them, for himself or for a customer.

Automobile Trips. Our Automobile Map of Southern California, gladly sent you for the asking, shows more than 2000 miles of paved roads reaching all the towns, resorts, beaches, mountain camps and scenic points within 100 miles of Los Angeles. We will take pleasure in arranging for you, in advance, the rental of an automobile with or without driver for your use while here.

Banking Service. If you have customers coming to Los Angeles give them letters to us. This is a Complete Departmental Bank, the largest institution of its kind in the Southwest, rendering every banking service, and with a tradition of great consideration toward all who enter our doors—whether as permanent customers or as strangers.

SECURITY TRUST
& SAVINGS BANK
SAVINGS COMMERCIAL TRUST

borrowers are finding except for the policy of conservatism the presence of slow paper in bank portfolios is stimulating. However, the West is giving less attention to easier money in this country than to the influence of conditions in Europe. It has entered the new crop year with a sharp reduction in the volume of loans at banks, and, while many institutions are still over-extended, the economy being practiced by farmers, the growing desire of many individuals to get out of debt and the smaller requirements of credit for conducting business point to extensive liquidation in coming months. If the live stock industry undergoes a turn for the better, the volume of liquidation of bank loans will be considerably increased. Banks are taking many losses, but they are in an ex-

cellent position to do this and are reporting healthy net profits.



NEW YORK BANK SUB-FISCAL AGENT FOR KANSAS

Governor Henry J. Allen of the State of Kansas has announced under date of July 14 that the Atlantic National Bank of New York has been designated as the sub-fiscal agency for the State of Kansas. All bonds, coupons and obligations of the State of Kansas or any of its municipalities, which by their terms are made payable at the fiscal agency in the city of New York, will be paid through the Atlantic National Bank after that date.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

WHOLESALEERS are reporting a fair volume of business, although retailers are not as yet buying freely. They still have on their shelves quantities of high priced merchandise and are buying cautiously, principally for fill-in. In the main, however, it can be said that retailers are passing on to the consumer the benefits deriving from reductions in wholesale prices, basing their present prices on replacement costs, with only here and there instances of delayed adjustments. It is not to be expected that complete readjustment to old levels will be completed this year, or perhaps for the greater part of next. The economic havoc of a great war is not so readily counteracted. However, we can see signs of approaching times when the business man can begin writing up a few profits again instead of writing off losses. There is a sound general undertone and a belief that the worst has been passed. Retail business is reported as slightly under that of last year but the volume of sales is probably greater in view of the fact that prices are ten to thirty-five per cent. below the high levels of 1920. Collections are fair.

Export business is at a standstill. A number of exporters are reporting large quantities of merchandise shipped to the Orient upon which orders have been cancelled and contracts repudiated. The marine workers' strike which has hampered shipping for two months has been practically brought to a close.

In lumber lines there is a lessening demand. Railroads are filling only temporary needs and most of the business now being received by mills is in unprofitable large timbers. Tie-ups in the building trades in several of the largest centers of the coast have also brought about decreased consumption for building purposes. In most instances these troubles are now being settled, workers capitulating and accepting wage reductions.

Crop prospects in the northwest are responsible for a much better feeling throughout the agricultural districts. Southeastern Washington will have one of the largest wheat crops on record. Very little of the wheat has been harmed in any way and favorable weather conditions have given the grain opportunity to fill out. Nearly all the banks have shown a disposition to help finance the crop. Grain and feed crop prospects are also excellent in Montana and Wyoming. In Oregon feeding conditions for stock are better than for many years. The bulk of the Oregon wool crop has either been sold or consigned. The plan of the bankers to help the wool growers through their association has taken the form of long term credits.

Considerable fruit in Central California was damaged by hot winds during the month. Most of the apricots had been harvested and escaped injury. Abundant rains earlier in the season have insured plentiful pasture on the higher levels and the beneficial effect of good range conditions is being reflected in a better quality of milk being offered canners. The sugar beet crop is in good shape. Raw sugar prices are staying around the lowest point in several years, in fact, present prices are said to be less than production costs. In the islands, production costs have not come down to pre-war levels and labor conditions are anything but satisfactory. Many plantations are operating at a loss and present dividends are being paid out of profit accumulations of previous years. Under the circumstances it is extremely likely that some of even the most prosperous companies will reduce their dividends in the near future.

Banking conditions remain practically unchanged, the situation having only slightly eased. In the investment field the demand for sound bonds has been more vigorous than at any time since January, due in large part to reinvestment of dividend and interest disbursements, and prices moved up slightly in sympathy with this situation. The condition of the bond business seems

to be the exception to the rule of general business sluggishness, easier money conditions stimulating a demand particularly for long term securities.



NEW BRANCHES OF BANK OF ITALY

The Bank of Italy has opened a new branch in Sacramento. Officers from the head office, including vice-presidents W. W. Douglas and A. Pedrini, were present at the capital upon the occasion of this important event in the bank's history.

Many letters and telegrams of congratulation were received by the bank, on the successful effort that was made to obtain the Sacramento charter. A considerable period has elapsed since first the Bank of Italy was invited to open a branch there, but it was not until a strong popular demand became evident that the matter was pushed to a satisfactory conclusion.

Establishment of the Bank of Italy's new Market street branch in the building formerly occupied by the Mutual Savings Bank, at Market and Geary streets, has also been completed and active business operations started in the new quarters. Mate-



New building of the head office of the Bank of Italy which has recently been completed
in San Francisco

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rial enlargement of the main banking room is being made.

With the opening of this new branch and the one in Sacramento the Bank of Italy now has thirty-eight branches in California, including the two in process of erection on Polk street and in the Mission. There will be, with these two branches, when completed, five offices of the bank in San Francisco.

Recent increase in the paid up capital of the Bank of Italy and the additions to its surplus fund and undivided profit, brings the total for these figures to \$14,765,385.54. In this important particular the Bank of Italy now ranks among the leading financial institutions of the United States. Its resources are in excess of \$170,000,000, a gain of over \$12,000,000 in the last six months.

PROMOTIONS IN STAFF OF OREGON BANK

The following promotions in the official staff of the Union National Bank of Seattle, became effective July 1: Dietrich G. Schmitz, formerly manager of the bond department, became a vice-president of the institution in charge of the bond department; O. W. Tupper, formerly assistant cashier, became cashier; E. B. Ansley, formerly assistant cashier in charge of the business service department, became assistant vice-president in charge of the business service department; E. J. Whitty, formerly assistant cashier in the credit department, was made manager of the credit department, and Leland I. Tolman, formerly assistant manager of the foreign department, was promoted to manager of that department. Other promotions were N. Carl Neilson to assistant cashier; Caspar W. Clarke to assistant manager of the credit department and H. F. Kelley promoted to auditor.

SAN DIEGO BANK OPENS BOND DEPARTMENT

The First National Bank of San Diego, Cal., announces that it has recently opened a bond department, of which Arthur Dewar has been appointed manager. In its new department the bank will actively engage in the distribution of Government, municipal and corporation bonds.

JOINS NATIONAL CITY BANK

The National City Bank in following its policy of drawing into its organization a banker from each section of the country to handle its business in that section, has elected W. W. Woods, vice-president of the First National Bank of Los Angeles, as one of its vice-presidents. Mr. Woods will have charge of the institution's business on the Pacific coast, probably making two or three trips to the coast each year.

The election of Mr. Woods is looked upon

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,250,000.00
Total Resources 20,047,726.81

C. H. Cooke, *President*
E. D. Tenney, *Vice-Pres.* E. F. Bishop, *Vice-Pres.*
Roxor Damon, *1st V.P.* G. G. Fuller, *2d V.P.*
Frank Crawford, *3d V.P.* R. McCorriston, *Cash'r*

Branch Banks:—Lihue, *Island of Kauai*;
Waipahu, *Island of Oahu*; Wailuku, *Island of Oahu*;
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Prompt handling of collections through close connections on each of the Islands in the Territory.

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**REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND
BONDS EVERY WEDNESDAY**

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

with favor throughout the entire West, as he is thoroughly conversant with the economic and financial problems not only of the Pacific coast but of the intermountain country and is strong not only in California and the southwest but in Utah, Idaho and the Puget Sound district. His connection with the First National Bank of Los Angeles which has taken the lead in the solution of the commercial, financial and economic post war problems on the Pacific coast has made him particularly conversant with commodity movements and the cooperative marketing organizations of California.

Mr. Woods began his banking career in Las Vegas, N. M., twenty-six years ago, going from there to the First National Bank of El Paso, Texas. In 1904, he joined the American National Bank of Los Angeles, thirteen years later leaving to become general manager of the Bank of Italy in San Francisco. He assumed his present office with the First National Bank in December of last year.

W. E. HOUGH JOINS LOS ANGELES BANK

Realizing that the industrial prosperity of Los Angeles depends not only on the prosperity of Southern California alone, but also of the entire western territory, the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank have more and more turned attention to the development of commodity financing throughout the western territory.

On August 1 another step in developing western industry was taken when William E. Hough, now of San Francisco and one of the leading cattle men of the West, came to Los Angeles to take over many of the problems of financing in connection with the cattle industry. Mr. Hough was brought

to Los Angeles because it was realized that the time has come when the cattle and livestock industry, not only because of its size, but also because of its financial and economic importance to the community and nation has the right to be thoroughly recognized and to obtain adequate financial assistance in the solving of its problems. For this reason, the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank are preparing for a more intelligent and comprehensive grasp of the problems surrounding the livestock business than has before obtained in the southwest.

The bringing of Mr. Hough to Los Angeles is in line with the pioneering policy of these two banks, and it is planned that he will take hold of the cattle industry in the West in the same fashion that J. Dabney Day organized the financial end of the cotton industry in Arizona, New Mexico and California, Mr. Day having been brought to Los Angeles from Texas for that purpose.

Mr. Hough has had long experience in the cattle business and has acquired a wide reputation for ability and integrity. He is familiar with every angle of the livestock industry, and his availability insures a sympathetic and intelligent consideration of the livestock problem west of the Rockies.

Mr. Hough is the third generation in the livestock business in California. His father was for many years president of the Western Meat Company of San Francisco, where, following his graduation from Stanford University in 1902, the younger Hough began his career in the cattle business as a buyer.

He was with the Western Meat Company for nearly fifteen years and became their principal buyer. Several years ago he became vice-president of the San Francisco Cattle Company, closely affiliated with the Swift interests, and has been actively engaged in this connection until the present time.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

ALTHOUGH the youngest of the Canadian bank presidents—being under forty years of age—the opinions of H. J. Daly, of the Home Bank of Canada, on the commercial situation are watched with a peculiar interest because of his wide and varied experience in the industrial and commercial world, and this year more than usual owing to conditions, because the bank's year closes with the month of May while the majority of the reports come out about the end of the year. With early financial experience Mr. Daly came on the business horizon prominently in Canada as the Canadian head of the National Cash Register Company, later branching out until he is now head of half a dozen industrial enterprises and president of a department store as well as director of two others. During the war he was called to Ottawa in various capacities as an industrial and employment expert, he has often been called the "doctor of sick business."

Therefore, Mr. Daly's statement at the annual meeting of the bank that "we have every reason to anticipate a more active domestic trade in the early fall" was received as a note of optimism in the business and financial community. His statement was prefaced by a reference to the fact that "heavy surplus stocks apparent a few months ago are rapidly disappearing which would lead to the conclusion that purchases on a broader scale by the distributors cannot be much longer delayed."

Mr. Daly pointed out that the manufacturer had suffered from overstocking on his part and also by distributors, from the sudden decline in commodity prices, and from the discontinuance of foreign buying. In future, there would be keener competition in the export field, which would call for greater care and patience on the part of our manufacturers. The retail trade was rapidly readjusting itself. The frequent turnover of merchandise had enabled them to replace their stocks at lower prices and the drop in commodity prices had stimulated buying by the public. Further he said:

"The readjustment pains are severe but not nearly so severe in this country as in other countries participating in the war, due to the fact that this is a younger country in comparison with European countries and also that it is comparatively undeveloped.

"Our people are dissatisfied, in that they are ambitious for improvement and eager for the fruits which the future holds in store. They are also sane and contented in that they realize we are a nation of working people living in a land replete with possibilities.

"Production is the keynote of readjustment and labor is the basis of production, therefore, we may rejoice in possessing, generally speaking, a labor body that recognizes the possibilities for natural betterment and improvement and is capable of appreciating that the realization of these are dependent upon the concerted efforts of all classes."



THE WESTERN CROP

The financial and business community keeps one eye on the western crop situation. Reports have been varied. General indications, however, are for a crop above the average. If there is a yield of 300,000,000 bushels with a return of \$425,000,000 to the farmers, as is being estimated, immeasurable relief will undoubtedly be felt in banking and commerce. Some authorities go so far as to state that "the West's financial troubles will be over," under such conditions. However, there is no evidence of a real lack of funds in the West as indicated by the investments being made in bonds. However, so far as retail prices are concerned there is still a feeling that these have not been adjusted to a basis warranted by the decline in the market for farm products and there is, therefore, a reluctance to make purchases in a normal way.

In relation to the crop prospects the new American tariff legislation is of course an important factor and while there are many

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who believe that the Canadian producer will suffer others take a more philosophic view of the situation. *The Manitoba Free Press*



A. E. PHIPPS

Who has been appointed general manager of the Imperial Bank of Canada

opines that: "The United States legislators have not put Canadian wheat out of business: it will meet United States wheat to some purpose in the markets of the world." Again manufacturers take consolation in the economic argument that Canada's purchases in the United States depend upon our exports to that country and they, therefore, see in a higher United States tariff a reactionary protection from the Canadian manufacturer in the impetus given to the Made-in-Canada movement.

GOVERNMENT A BORROWER

Apart from the fact that curtailment of current loans was again in evidence the interesting feature of the latest bank statement is the indication of renewed borrowing on a large scale from the banks by the dominion Government. Holdings of Government securities by the banks increased during the past month by over \$37,000,000. At the same time the obligations of the banks to the Government increased by over \$26,000,000. This may be taken to indicate that the banks have been again taking advantage of the War Measures' Act to borrow on legals because it obviously does not indicate balances carried by the Government when anties in the hands of the banks now loaning to the Government to the extent of nearly \$2,000,000 have been made by the banks.

This Government financing lends strength to the report that Sir Henry Drayton will have a public bond issue in the Canadian market as this has in the past been the culminating event of Government borrowing from the banks. The Government securi-

ties total over \$173,000,000—more than \$55,000,000 above that of a year ago.

The reduction in current loans indicated by the statement was about \$10,000,000—from \$1,281,000,000 to \$1,271,000,000, making a total of about \$150,000,000 shrinkage in commercial credits since September last when the high mark for the war-time period of inflation was reached; the latest figures indicate that these loans are about \$77,500,000 less than the same time a year ago.

CANADIAN BANKS FAVOR MEN CLERKS

Making way for male employees, the tendency will be to eliminate the women clerks of Canadian banks and, as governing the immediate future, girl employees will not be favored in the service. The woman banker, while accepted as a success up to a certain position under the Canadian system of branch banking, after a six year test, has proved to be a serious stumbling block to the promotion system. Probably ninety per cent. of the women clerks will not accept transfers from branch to branch. As a result the promotion system as evolved out of a period of many years' Canadian banking practice is said recently to have seriously broken down.

MAY COMPETE WITH BANKS

The trend of western savings deposits is being watched with increasing interest, specifically because of the widening channels that are opening up to attract the people's savings. The extent to which mortgage and trust enterprises, and provincial banking ventures are to take deposits, payable upon demand, in competition with the federally chartered banks is giving rise to a serious discussion.

The opinion has been ventured that following the example of the province of Ontario, in recently altering its legislation with reference to deposit taking by mortgage, trust and similar companies, the western provinces will adopt similar practice. Speaking for Manitoba, the *Winnipeg Free Press* says: "It is understood that in this province the Government is ready under existing circumstances to give encouragement to mortgage companies and trust companies, which wish to increase their deposit business and to increase the amounts which they will have to loan to home builders and farmers."



W. A. BOG

Mr. Bog, who has been second agent of the Bank of Montreal in New York since 1906, has been appointed an assistant general manager of the bank, with headquarters at Montreal.

HOME BANK REPORT

Despite the change in industrial conditions during the past year and the general tendency on the part of the banks to curtail current loans with a consequent decline in profits, the earnings of the Home Bank of Canada for the year ending May 31 showed a substantial increase at \$278,556 as compared with \$268,894 for the previous year. This was evidently due to the fact that contrary to the general banking policy current loans were increased by about \$1,750,000.

TRADE BALANCE AGAINST CANADA

The Dominion bureau of statistics show a balance of \$264,459,811 against Canada in her trade with the United States for the year ended June 30. The balance represents a gain of \$107,075,106 over Canada's unfavorable balance for the preceding year.

How Many of These Questions Can You Answer?

THE American National Bank of Oklahoma City says in its monthly house organ that anyone who can correctly answer the following questions should easily qualify for a position with the bank:

1. Before applying here for a position what attracted you to this bank?
2. Who is the Secretary of the Treasury of the United States?
3. Who is the Comptroller of Currency?
4. When was the National Bank act passed?
5. Give the amount of capital necessary to establish a National bank in this city. A state bank.
6. How many times each year is a National bank checked up by the National bank examiners?
7. Are National banks permitted to have foreign branches? Branches in the United States?
8. In what Federal Reserve district is this bank located?
9. Give the number of Federal Reserve banks. How many branches are there? Locate the banks and branches.
10. How may a state bank join the Federal Reserve system?
11. Why were two Federal Reserve banks located in Missouri?
12. What distinction is there between a Federal Reserve note and a Federal Reserve bank note?
13. Will the Government redeem mutilated silver coins?
14. How much of a mutilated bill is required by the Government for the holder to receive full value therefor? One-half of the value?
15. Why did the United States cease to coin silver dollars in 1904?
16. What date does the rarest cent coined by the United States bear?
17. Give the date and amount of the first United States bond issued.
18. What is the largest denomination of currency issued by the United States?
19. Why are silver dollars wrapped twenty to each roll instead of twenty-five?

20. Why is this bank the most popular in the city?
21. What banking journals do you read? Do you read any house organs?
22. What is an assistant vice-president?
23. Why do banks use Burroughs machines?
24. What is a clearing house association? What good does one do?
25. Why do banks operate safe deposit vaults?
26. What is a time certificate of deposit?
27. For what reason does a bank analyze the accounts of its customers?
28. What rate of interest is paid on savings accounts by local banks?
29. Do you think a bank should adopt and advertise a trade mark or slogan?
30. What is a transit department?
31. Why are time deductions made on out-of-town items received from country banks for credit?
32. What is the unit system of tellers?
33. Why do banks often build office buildings for their homes?
34. Why should a customer make out his deposit ticket?
35. What is a restrictive endorsement?
36. Can a bank certify a check that will overdraw the patron's account?
37. Why do some banks have trust, bond and investment departments?
38. What is the legal rate of interest in this state?
39. In what states are three days of grace in which to pay a note allowed by law?
40. Why don't all of the customers ask for their statements?
41. What manner of treatment by tellers impresses the average patron most?
42. Why do some customers always rush in just before the closing hour?
43. Why are the pens provided by the average bank for its patrons' use generally corroded?
44. How many of the above questions do you think you can answer?

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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIFTH YEAR

SEPTEMBER 1921

VOLUME CIII, NO. 3

At Seventy-Five

The fires that glow in '21
Are bright as those of '46
And light a journey just begun
Toward the fatal Styx.

With eyes undimmed and step of youth
We keep along the upward way
And hold aloft the flag of truth
To greet the coming day.

Old friends have gone, but new ones fill
Their places as the years go by,
And memory holds the absent still
By many a tender tie.

Farewell the old, hail to the new!
And should we live a thousand years,
Sustained by hearts so kind and true,
We'll still smile through our tears.

1846-1921

BETWEEN the period indicated by the above dates THE BANKERS MAGAZINE has existed as a representative of banking and financial thought and information. Assuming that money and banking will still constitute a part of the country's economic mechanism in the years ahead of us, it is the expectation that this publication will survive indefinitely. The foundations for such an expectation were, at least, never broader nor firmer than they now are.

But mere existence, either on the part of publications or of individuals, has little of merit in itself. It must be accompanied by a commensurate degree of usefulness if respect is to be gained and kept. Whether this has been the case with this publication is for others to decide. From a good many quarters have been borne to us so many kindly messages that the conclusion can not be escaped that numerous friends believe in the usefulness of THE BANKERS MAGAZINE to them and to the business in which they are engaged.

It is believed that the best service that can be rendered, to the bankers and the public, consists in seeking out and presenting the soundest principles of banking, finance and economics as reflected in the study and experience of mankind. As the months and the years have gone by, it will be found that in these pages such principles have had ample exemplification, as they will continue to have in the future.

In the seventy-five years since 1846 American banking has undergone an astonishing development—an accompaniment of the wonderful growth of the country in all directions. The integrity and skill of our bankers, the industry of our population, the still undeveloped resources, combined with the beneficent character of our institutions, will surely advance the standard of progress in the next seventy-five years far ahead of that which it now holds.



The Pacific Conference

FOR its possible economic as well as political consequences the Pacific Conference to be held at Washington in the autumn is to be regarded as an event of supreme importance.

As to its political possibilities the conference may be open to careful scrutiny and perhaps to grave objections, and in the enthusiasm which the event begets this fact must not be overlooked.

The genesis of the historic meeting is of itself a most interesting subject of study. Apparently it originated at Washington. While intimations of such a meeting might be fairly deduced from various

utterances of President Harding, the probabilities are that the plan for the assemblage germinated in London. If one studies what happened at the Imperial Conference of Dominion Prime Ministers held at the British capital in June, it will be found that there was a deadlock over the renewal of the alliance between Great Britain and Japan. England seemed quite disposed to renew the treaty in apparent recognition of the great service which Japan had rendered the allied cause during the war. Although the United States looked upon a renewal of the alliance as a direct thrust at America upon the part of Great Britain, and as a strange inversion of valuation of war services considering what the United States had done in comparison with Japan, it seemed for a time as if the alliance would be renewed. Strong opposition developed on the part of the self-governing British dominions, and the renewal of the treaty was postponed. Then came a sort of god from the machine in the person of Viscount Birkenhead, Chancellor of the Empire, who conveniently discovered that the treaty, unless denounced by either signatory, automatically continued for another year. Meanwhile the astute Lloyd George, scenting the danger in the opposition to the treaty on the part of the dominions, adroitly threw out a suggestion that he would be glad to discuss with the United States not only the problems of the Pacific but the general question of a reduction of armaments. The calling of the conference by President Harding followed, and the invitations to be present have been promptly accepted by the powers concerned.

The first evidence of sincerity on the part of these powers would be for all of them—Great Britain, France and Japan—to give up their unlawful possessions in China. Germany was ousted by Japan during the war. If this step were taken, one could have confidence in the good intentions of the participants in the Washington conference—a faith that must be lacking without such renunciation. If this condition is met, it ought to be simple enough to find some joint means of maintaining peace in the Far East.

Before entering into a disarmament agreement the United States must carefully consider the consequences of this step. In the first place, in proposing disarmament, Great Britain always couples with such proposals the reminder that the sea power of that country must be maintained. If this principle is given world-wide acceptance, it will mean that the British Empire will be given an immense advantage both for defensive and offensive warfare in the future.

The apparent readiness of England to renew the Japanese alliance must be regarded as an evidence of the willingness of that country to make a combination aimed directly at the United States. The opposition of the self-governing dominions to the renewal of the treaty must be interpreted as an act of friendliness toward the

United States, not however free from the taint of self-interest, since these dominions were as fearful of Japanese complications, and probably more so, than were the people of the United States.

That Japan aims to make a military or naval attack upon the United States is unthinkable; but by the possession of a powerful navy Japan could prevent the United States from enforcing policies in the Far East which America might consider essential. A combination between Great Britain and Japan would practically enable those two powers to dominate in the Far East, and the United States could only play the part of a powerless spectator, whatever might take place. The Washington conference may remedy this state of affairs.

But we need narrowly to watch our interests in this historic meeting. They should not be bargained away. We should first insist that Japan and the European powers let go their stranglehold on China—that they relinquish their spheres of influence, and restore the appropriated lands to China. They will then come into this new world court with clean hands. Surely, the United States should not be asked to make any bargain that would imply the retention by these powers of what does not belong to them by any show of right or justice.

And in making any agreement in the Pacific or about disarmament we must see to it that the just aspirations of the people of this country are not committed to the keeping of foreign powers. We are not hungering for new territory nor do we contemplate a militaristic policy; but we must keep ourselves free, and make no sacrifice of our independence to any single power or combination of powers.

To realize the manifest difficulties before the Washington conference, and to make our own position clear in advance, will constitute the surest guaranty that good results will flow from this latest attempt to bring the nations of the world together.



Restrictions Against Foreign Banks

SINCE the editor of THE BANKERS MAGAZINE pointed out, in 1911, the inadvisability of perpetuating the restrictions imposed by state laws against branches of foreign banks, a decided advance of opinion on the subject has taken place. The suggestion referred to was made in an address before the Pan-American Commercial Conference, held at Washington in February, 1911. Nine years later the Pan-American Financial Conference, also held in Washington, made a report calling attention to these restrictions and passed a resolution urging their removal.

Similar action was more recently taken by the meeting of the International Chamber of Commerce in London.

In a late number of the "Acceptance Bulletin" Geo. E. Roberts, vice-president of the National City Bank of New York thus stated why these restrictions should be modified:

"To make dollar exchange the peer of sterling exchange in carrying on the world's business requires first of all the establishment of an open discount market in New York with large enough facilities to instantly absorb any amount of paper that may be offered. Such a market as we should have would require the use of far greater quantities of liquid funds than are now available for this purpose and require the establishment and maintenance of reasonable and stable interest rates, and although we have made a beginning, we have still far to go. In short, if we are to make dollar exchange and dollar acceptances as readily acceptable in the markets of the world as sterling we have to duplicate the facilities of the London discount market and to develop a set of acceptance dealers and exchange experts of truly international vision.

"The first step in the establishment of such a market will have to be the removal of the restrictions which now bar foreign banks from operating in a broad way in the New York market or of establishing branches here. Our policy in this respect is inhospitable and provincial and it is injuring our status as a world financial power to a marked degree. Not only is it strongly militating against the upbuilding of dollar credits throughout the world but it invites retaliatory measures against the branches of American banks in other part of the world, which in turn damages American traders everywhere.

"If the various banks were allowed to open branches in New York City it would immediately increase the marketability of bills drawn in dollars and, far from taking business away from American banks, would really strengthen dollar credits in all the other world markets. If the Credit Lyonnais, one of France's great international banks, for example, were to be allowed to operate a branch in New York City, its managers of branches in other parts of the world would know that in buying dollar bills the head office would be able to forward them to New York for eventual payment, just as they know it is possible to forward sterling bills originating in any part of the world to London for collection. As matters now stand, dollar credits are at a disadvantage because when they came into the hands of such branch banks in foreign countries an indirect and unsatisfactory means of collection must be resorted to."

These restrictions were perhaps designed in the first place with the idea of shutting out the foreign branches as competitors for local deposits—a fear which had little actual basis, since these

branches could hardly ever hope to become serious competitors with the native banks for local business. It is perhaps asking too much to expect the respective state legislatures to give up this fear and to take the broad view of the subject which Mr. Roberts suggests.

But may not this problem be impressed with a Federal interest? Certainly, it was the aim of the Federal Reserve Act to foster the creation of a broad open discount market in the United States—an object which is being defeated, as Mr. Roberts points out, by the state restrictions against foreign bank branches. Moreover, as frequently stated in these pages, these restrictions in our laws are provoking retaliatory measures in several foreign countries, thus limiting the efficiency of the foreign branches of national banks which the Federal Reserve Act expressly authorizes, and a number of which have been established.

In view of the facts mentioned, it would seem wise for the banking and currency committees of the House and Senate to take cognizance of this matter.



Treasury Handling of Allied Debts

UNUSUAL powers were asked by the Secretary of the Treasury in handling the payments of interest and principal of the Allied debts—something that need occasion no very great surprise in view of the unusual character of the situation. Congress, however, showed considerable concern over this proposed grant of plenary authority, and wanted to know in advance of conferring such extraordinary power just what the Secretary was going to do with it.

In view of the existing situation, no doubt it would be advantageous if the Secretary of the Treasury possessed very wide discretionary powers—not as to a cancellation of the debts themselves, but as to the time and manner of payment of interest and perhaps of the principal of the debts as well, at least in some cases. If the Secretary could act without having to secure the sanction of Congress in each instance he might in some cases make a better settlement than if he had to await the slow course of deliberation and debate by the Senate and House.

From the terms of the bill as originally submitted by Secretary Mellon it would seem that authority was asked which would enable the Treasury to receive the obligations of other governments for those now held. This might be interpreted as meaning that the United States should take over the German bonds which France and Great Britain will receive on reparations account. This may not have been the intent of the bill, as of course other bonds than

those of Germany might have been contemplated in framing this provision. No doubt, however, some of the European countries indebted to the United States would be glad to pass the German bonds over to us, even at a substantial discount. But it is difficult to see how a wide market for these obligations could be created in the United States. Then, in case of default in payment by Germany, to whom should we look for redress? Great Britain and France can put upon Germany sufficient military pressure to compel payment of her debts, but the United States can not do this. Perhaps the best we can do with the German bonds is to accept them as collateral, on a very conservative basis of valuation.



Continued Investing Abroad

THE experience which the United States has thus far had in its venture into the foreign investment field has not particularly whetted the appetite for more of this kind of financial food. Yet economists, bankers and others tell us we must keep on making such investments if we would restore our foreign trade. Possibly, should the new tariff be as effectual in killing foreign trade as its antagonists claim, we need not have to worry much more about foreign investing.

In some of the countries where our ventures have not turned out well, the thought does not seem to have occurred that one of the surest ways to obtain further supplies of American funds would be to show some disposition to repay advances already made. The American creditor, in view of recent experiences, can hardly be blamed for being chary about making further advances. It has become a case of the burned child dreading the fire. No secret is divulged in saying that American banks have lost substantial sums on account of their foreign advances and that they will yet sustain still further losses. Their caution about the future is, therefore, easy to understand. The heavy cancellations of orders, in too many cases solely because of a decline in prices, has put American bankers and exporters to great and serious inconvenience. Besides, they can not help but feel that those who have made these cancellations have not played the game quite squarely; they have shown an unwillingness to take losses which are a part of the fortunes of commerce. Not only that, but they have shifted the losses upon the shoulders of those from whom they were eager a few months ago to receive both goods and credit. This has resulted in a destruction of confidence which it will take time to restore; and even time will hardly be effectual in the absence of a different disposition on the part of those who have refused goods which they

expressly ordered. There may be cases where the cancellations were justified, but they were on such a wholesale scale as to warrant the conclusion that the slump in price was the preponderating motive in this repudiation of contracts.



The Cattle Loan Pool

BY providing \$50,000,000 for the needs of cattle raisers that industry has been rendered greatly needed help and fresh illustration has been afforded of the efficacy of the country's banking power in acting collectively to provide credit when a sound basis for it exists. It is understood that the funds were provided in the ratio of about one-half by the New York banks and over one-half by the banks of Chicago and other western centers.

The live-stock industry is one of very great importance, furnishing as it does the meat products for home consumption and for export. The falling off of the export trade and the decrease in domestic consumption of meat, resulting in heavy price declines of live stock, have put a severe burden upon those engaged in that industry. It is hoped that the advance of \$50,000,000 may be sufficient to afford relief until there is an improvement in the situation.

Fortunately, this assistance has been provided by the banks of the country instead of by the public Treasury. The habit of relying upon the Government to support private industry can not be too strongly condemned, and in this instance it has been happily avoided.



The Bankers Convention at Los Angeles

EARLY in October members of the American Bankers Association will assemble at Los Angeles for the purpose of holding their annual convention. Their meetings have come to be regarded as among the most important annual assemblages of business men held anywhere in the world—an estimate fully warranted by the number and representative character of those in attendance and by the breadth and general nature of the problems discussed.

This year's meeting takes place while the country is still passing through a great financial depression, the severest in its history. It is a notable fact that during this long period of trial the public confidence in the banks has remained firm—a confidence which has been fully warranted. While the bankers who meet at Los

Angeles will have problems of their own to consider, they will not be unmindful of the world calls now being made upon them for leadership and for service. They will wisely seek to find the way by which American banking can most safely meet the new obligations devolved upon it by the Great War. Perhaps cooperation may be indicated as a safer policy than individual action. The bankers will doubtless do all they can to restart the lagging wheels of industry and to help in unclogging the channels of trade.

If conditions at home and abroad are much less favorable than could be desired, the bankers who go to the convention will have such a happy time that they will not dwell much on this side of the picture, for they will receive from the State of California and the City of Los Angeles, a welcome than which nothing heartier is to be found upon the face of the round earth.



American Banking as Related to the Country's Future Economic Development

By Charles H. Sabin

President of the Guaranty Trust Company of New York

FOR those who look beyond the present period of business reaction to the long-term trend of general economic conditions there is promise of a coming period of world-wide industrial and commercial expansion. The economic situation in which the industrial nations find themselves after the greatest war in all history, coupled with the vast natural resources in the undeveloped regions of the world, should accelerate the occupation of these frontiers and the exploitation of their wealth.

The United States is in a peculiarly favored position to share in the work and the profits of such exploitation. The future prosperity of the nation will be vitally affected by the part Americans play in this pioneering movement. The close inter-relation between domestic and foreign trade needs no demonstration, and American productive capacity has been expanded to accord

with a large export trade. The position of this country in international trade will constitute an increasingly significant measure of our national prosperity in the future. The adequacy of the services of American banks in behalf of American industry, therefore, will be tested more and more by the degree to which they contribute to the upbuilding and maintenance of our foreign trade.

This test is not one to be applied only in a future period of renewed prosperity and general expansion. The recovery from the ills incident to the slackening of business will be hastened by every sound means of stimulating the ability of Americans to market their goods abroad.

THE FEDERAL RESERVE SYSTEM

It is fortunate that provision for the Federal Reserve System preceded the world upheaval. The system, which

began to function only after the outbreak of the war, has been firmly established as a permanent feature of our banking organization. It rendered indispensable services to the country in time of war, and has more recently demonstrated its effectiveness as a safeguard against panic in a period of drastic price recessions and general industrial readjustment. The test of its capacity for further helpful service, unhindered by the restrictions and abnormalities of a war period, is awaited with complete confidence. An organization which has functioned with such notable success when subjected to the multiplied stresses of the war and the critical period of readjustments which followed can not now fail.

OUR CHANGED POSITION IN INTERNATIONAL FINANCE

One of the most significant indirect results of the war is the radically changed position of the United States in international finance. For the first time this country has become a creditor nation—that is, foreign governments, corporations and individuals owe us more than we owe abroad. Enterprise capital investments are regarded as equivalent to loans. Through the repurchasing of American securities held abroad, the private flotation of foreign loans in this country, and the much larger volume of inter-governmental loans, a previous national debit balance of some five billion dollars has been converted into a present credit balance of more than twelve billion dollars.

The war did not cause, it merely hastened this development. In the period of its great westward expansion, this country's economic development was facilitated by the investment of foreign capital in our railroads, mines, factories, etc. At the beginning of the twentieth century the rapid industrialization of America had greatly reduced the extent of the relative disparity between industrial development here and in the principal manufacturing countries of Europe. We had become in large part a manufacturing nation. Wealth was accumulating rapidly, and American

capital had in turn begun to find investment abroad in considerable volume. Nevertheless, under conditions then obtaining, it would have required many years for the volume of American foreign investments to equal the investments here by foreigners. This pre-war expansion of American investments abroad is significant as indicating the permanency of the change to a creditor position which was effected in so short a period. Possibly a reversal of positions a quarter of a century earlier would have represented only a temporary change. Now, however, the expectation is nowhere evident that we shall revert to the position of a debtor nation. Along with this transition to a creditor position, our productive equipment, in response to the needs of the belligerent nations of Europe and later in response to our own requirements as a belligerent, was expanded and modified in various ways.

NEW OPPORTUNITIES FOR BANKING SERVICE

The post-war period, then, finds American banking greatly strengthened by an efficient Federal Reserve System and confronted by the new requirements of our changed industrial situation and a new relation in international finance.

Without presuming to foresee all the new demands that will be made upon the banks or their new opportunities for service, one may mention certain phases of banking service for which it now appears there will be new or unusual uses. Undoubtedly, existing banking machinery and organization can be expanded or redirected promptly in many cases to meet new needs as they arise. If, however, entirely new machinery or organization will be necessary, the bankers themselves should anticipate the needs so far as possible and be prepared for service as occasions arise.

The proper demands upon the facilities and resources for straight commercial banking operations appear on the whole to have been adequately met. The liquidity of commercial paper made possible by the Federal Reserve Sys-

tem through the rediscount privilege is giving to our banking credit structure a long-needed elasticity. The existence of this elasticity has been exemplified in the range of the expansion of deposits and note circulation of the banks of the country from, say, June, 1918, to June, 1920, and their subsequent contraction.

There are credit requirements, however, which the commercial bank as such, engaged in the ordinary deposit and discount operations, is not prepared to meet. In some instances it is merely the length of the credit period that makes the business unsuited for a commercial bank, whose resources must be kept liquid at all times; in others it is the nature of the undertaking for which credit is sought.

The war-time expansion of organization, plants and equipment in this country has developed a larger productive capacity than can be continually occupied in meeting the requirements of the domestic markets. Moreover, as the European producers progressively regain their former, or attain even greater, power in their own or foreign markets, Americans will confront increasing competition in those markets. Adequate financing, essential to the maintenance of the competitive ability of American producers for foreign markets, will place heavy responsibilities upon American bankers.

SPECIAL DEMANDS UPON OUR BANKING FACILITIES

The financing of our foreign trade will make special demands upon our banking facilities in the next quarter of a century. We have continued to sell abroad a volume of goods greatly in excess of our imports, but this condition is anomalous. As the international finance accounts stand today, we should be receiving, under ordinary conditions, an excess of imports; and, on the other hand, those countries of Europe whose governments or nationals owe abroad more than is owing to them by foreigners should be exporting a surplus of goods. Thus the world's trade is at present peculiarly lacking in equilibrium

and therefore not on a normally durable basis.

What we may expect is that ultimately our balance of trade will be reversed, that our commodity imports will exceed in value our exports. Ordinarily, a debtor nation pays its obligations with goods sold in excess of goods bought. Likewise a creditor nation buys more than it sells, or, in other words, receives payment in goods. In any case, we must expect that the payment of the principal and interest of the foreign debts owed to this country will tend to increase the volume of our imports. The natural result of this would be an extraordinary stimulus to our export trade.

An important part of the necessary banking machinery for properly financing the expected volume of foreign trade would be the development of discount facilities. We did not begin in this country to utilize the acceptance on a large scale until after the beginning of the war. This method of financing foreign trade may be expanded with advantage much beyond anything we have yet known.

INVESTMENT OF AMERICAN CAPITAL ABROAD

A necessary consequence of an increasing or potentially increasing volume of imports will be the growing significance of the investment of American capital abroad. The fact already mentioned, that ours is now a creditor nation by a large margin, the natural consequence of which would be a reversal of our trade balance, is vastly important. While we must expect imports ultimately to increase, an actual reversal of the trade balance need not occur, however, for a long time, provided we are willing and prepared to invest our capital in foreign enterprises.

Just as the actual payment of Europe's debt to the United States can be for the most part only in the form of goods, so our investment of capital abroad will tend to increase the volume of our exports.

The extension of long-term credit through the purchase of foreign government bonds and the investment of enter-

prise capital in industrial or commercial undertakings abroad affect the balance of current international payments in the same manner. The most effective and beneficial means of preventing a volume of imports which would prove detrimental to the interests of American producers is the investment or re-investment of American capital abroad.

American investors, however, generally speaking, are not in the habit of examining a variety of opportunities for foreign investments or accustomed to placing their capital in foreign enterprises. Before the war, but especially during the war and subsequently, a large number of foreign government and some foreign corporation issues have been successfully floated in the American market. In the future perhaps the major part of foreign investments by Americans will represent the furnishing of capital for industrial and commercial undertakings.

Our foreign investments will involve the participation of American capital in many scattered enterprises or the purchase of bonds of national or subordinate governments. Perhaps many potential investors may be induced to participate in foreign ventures only through faith in an intermediary American organization offering its own debentures and which in turn would purchase the securities of the foreign corporations or governments. The development of investment trusts, however, must necessarily be a slow process. Large aggregations of capital are required and no extensive business can be permanently built up save as the result of a long record of successful selection of risks.

BANKING CONSOLIDATION

The domestic and especially the foreign trade of the United States in the coming years will make increasingly necessary the services of banking units which can furnish a variety of facilities and large resources under centralized control and management. We have seen

during the war and later a most significant consolidation of banks in England. These consolidations have been effected very largely for the direct purpose of increasing the ability of the banks to meet the needs of post-war industry and trade, especially foreign trade. We shall doubtless witness a similar, if not so extensive, tendency toward consolidation of banks in this country.

Closely related to the advantages, from the point of view of service, resulting from the consolidation of banks into larger units are the services of branch banks. The operation of a number of branches in various localities enables a parent bank to gather first-hand knowledge of business conditions in every district served. On the other hand, the facilities of a large organization are made readily available for the customers of any branch.

Branch banking has long been a common feature of banking organization in many other countries. In a country with so large an area as that of the United States, the services of branch banks may be found especially desirable, although at present the establishment of branches in this country is restricted.

DISPENSING OF CREDIT INFORMATION

Another phase of the service which our banks will be called upon to render increasingly, with our growing foreign trade, is the dispensing of credit information. Some means should be found for extensive co-operation on the part of American banks in securing authoritative information concerning the credit standing of foreign corporations and individuals and making it available for those engaged in foreign trade. A good beginning has been made in this direction. This form of banking service is important, and the encouragement of export business which would follow the extension of the service would warrant much effort and expense for this purpose.



Seventy-Five Years' Progress in American Banking

By H. Parker Willis

THERE are various ways of measuring progress. In banking a common measure is that of assets or resources. If we adopt such a numerical measure the seventy-five years from 1846 to 1921 have witnessed a remarkable advance. The combined banking power of the United States is reported by the Comptroller of the Currency today as aggregating a total of more than 30,000 banking units with gross resources in excess of \$53,000,000,000, while individual deposits are reported as but little less than \$38,000,000,000. This may be contrasted with the figures furnished by the Statistical Abstract of the United States for 1840 which show an aggregate of deposits in banks of all classes of approximately \$30,000,000. The national banking system which as late as 1870 carried individual deposits aggregating less than \$550,000,000 has today a gross total of individual deposits amounting to over \$14,000,000,000. Our banking system has in fact had a growth which is little short of marvelous when we consider the fact that the paid-in capital stock of our banks of all classes is more than \$2,700,000,000, with a surplus nearly as great, the aggregate of capital, surplus and undivided profits being in excess of \$5,200,000,000. The fact that under an individualized banking system it has been practicable to supply satisfactory banking facilities to all parts of our vast country and to all sections of our widely diffused population without the use of the branch banking system common in other countries, is itself an unprecedented financial achievement. That so great a system of banking should be, on the whole, so safe and so little subject to danger of loss, as has been true in recent years, is even more remarkable. Statistics for the development of our banking system are, however, both readily available and familiar to those who follow banking

and credit progress with attention. They need not be more fully discussed here; indeed, the main reason for reference to them is to recognize the unusual character of our relative growth. It might even be said that the organization of our banking system has been such as to necessitate what is perhaps an unduly large proportion of capital to the performance of banking service.

When to this statistical showing is added the outstanding accomplishment of the past decade—the establishment of the Federal Reserve System, with its series of twelve banks and their branches, aggregating in round numbers \$5,500,000,000 of resources, and federating the entire banking system of the country into one coherent whole—the descriptive outline of our banking achievement may be reckoned complete.

STANDARD OF IDEAS IS MEASURE OF PROGRESS

It would, however, be unfortunate to reckon American banking progress in any such way. A more valuable and significant measure of advance is the standard of ideas. In this view the past three-quarters of a century has shown a complete transformation. The Independent Treasury which was set on foot in 1846 came to an end just seventy-five years later in 1921 by virtue of orders issued by the Secretary of the Treasury under powers bestowed by the Federal Reserve Act. It was the Independent Treasury Act which prepared the way for the philosophy of banking that culminated in the National Bank Act and that assumed as a basis of its operation the creation of an uneconomic relationship between the Government on the one hand and the banks and the business community on the other. While at the time the Independent Treasury Act was adopted, no

one could have foreseen the Civil War, much less the financial legislation that accompanied and grew out of it, the measure represented an erroneous type of thought on banking and public finance that had taken deep root and aided to prepare the way for the bond secured currency and other allied provisions of the National Bank Act. The Independent Treasury law and the National Bank Act may be taken therefore as standing together to represent the type of banking thought with which we began the period of banking development which is conceived of as ending at the present day. From this we have progressed to the concept of a banking system which while making ample provision for government oversight and even control, nevertheless provides for the retention of public funds in reserve banks for the use of the community and bases note issues upon commercial paper. The idea of concentration of banking strength and of cooperation in banking management, apparently defeated and permanently exiled from American banking thought after the success of President Jackson's campaign against the Second Bank of the United States, has reinstated itself as a result of actual experience and in a new and effective form is today adopted as the basic or fundamental idea in our financial life.

CONTRIBUTIONS TO WORLD PROGRESS IN FINANCE

American banking progress, however, must be measured not only introspectively as a process of self development in the way just outlined, but must also be tested for its contributions to world progress in finance. Of the ideas which may be taken as distinctly American, not perhaps because of their exclusive origin or development in the United States, but because of their having attained here a much broader scope than elsewhere, that of free banking is possibly the chief. European experts, and many of our own professional observers, have frequently inveighed against a condition which permitted any group

of inexperienced amateurs, provided they were men of fair reputation and possessed of a small capital, to engage in banking—a highly scientific and skilled profession—subject, for much of our financial history, only to the slightest of government supervision. Against these critics has stood the fact that American banking has prospered and has been more and more successful. It has kept open to general entry a profession which in many other countries is closed through legal and charter provisions or through custom strongly maintained by a highly organized financial community. Whether in order to maintain this system of "free banking" it was necessary to adhere as stringently as we have done to the prohibition of branch banking need not be considered at this point. Even while recognizing that the branch banking system is superior in flexibility and economy to our own system of numerous independent banking units, we must nevertheless admit that the maintenance of freedom in the establishment of banking institutions and the avoidance of anything that could be regarded as monopolistic control of banking business was an object worthy to be attained even at considerable expense and sacrifice. The criticism which has often been made upon the American banking system, that it "paid too much for the whistle," inasmuch as regularly recurring crops of bank failures were inevitably the result of the opening of the profession to all comers, must now be regarded as having been overcome through the co-operative or federative organization of our banking system under the Federal Reserve institutions. Bank failures have already been reduced to a minimum, as judged by past experience, and it may be reasonably expected that in the future, under proper supervision by Federal Reserve Banks, they will almost entirely disappear. Should this ideal be realized the contribution of American banking seen in the continued maintenance of the ideal of freedom in banking must be one of the first import, freed as it then will be from the legitimate basis

of criticism which has heretofore applied to it.

SCIENTIFIC ANALYSIS OF CREDIT

The United States has also taken foremost place in the banking movement which has resulted in the evolution of a scientific analysis of credit. British banking as is well known (and the same is true of the banking of most other countries which have imitated British methods) has adhered until recently very closely to the older type of banking transaction in which the paper representing a loan is closely attached to, and secured by, the goods which have given rise to the transaction. Until within comparatively late years there was indeed small field of opportunity in foreign commercial banking for operations which had not a goods basis upon which the paper representing them might directly rest. There has been a material change in this regard since the study and analysis of credit on its present footing is assuming proportions which are probably larger and which represent a more advanced type of analysis than any that have heretofore been attempted. But this in itself is an unwilling imitation of the system of credit analysis developed in our own country which may be regarded as the pioneer in the field. It has been the testimony of some American bankers of unquestioned leadership and experience that the best type of single name paper in the United States was superior to the double name or acceptance type. Certain it is that single name commercial paper constitutes the staple of the portfolios of our banks just as double name paper is presumed to do abroad. There has been a lengthy controversy extending over many years as to the relative merits of the single and double name types of paper, but as has just been stated, the tendency of American banking leaders has tended to regard our best single name obligations as superior to the current paper of foreign countries. Certain it is that the single name advance in its best form—the type of advance which is

paralleled by the overdraft in British banking practice—in recent years has proven far more flexible and available for commercial use than the older type of two name paper, however technically superior the latter may in some respects have been. This method of lending must in no small measure be regarded as the outgrowth of our system of independent banking units without which it would probably never have been developed to its present stage of advancement.

SHORTENING TERMS OF CREDIT

In close connection with this contribution to banking progress there must also be mentioned the work that has been done by our American banking system in shortening the term of credit and in selecting the better types of paper through preferential rates. The cash discount system of the United States, although today spreading into various other countries not only of Europe but also of the Far East, has been regarded by some as being in some respects an undesirable element or factor in banking practice. Careful scrutiny of the credit situation in this and other countries opens at least a serious doubt with respect to most of the criticisms that have been directed against this plan of settlement, and indicates that the cash discount method has become an established means of offering a premium for sound paper. Although the term "cash discount" in itself seems at variance with the underlying idea of sound banking, a proper analysis of transactions which are carried on subject to the cash discount shows the contrary. Probably only a small percentage of those who "take their discounts," by paying what is called "cash," actually have the funds in bank which enable them thus to make payment. They are successful in obtaining from other banks advances on the strength of single name paper which enable them to make immediate payment to the seller of the goods, thereby releasing him from further liability and enabling him to close that part of his transactions, while the local

bank which has advanced money to the buyer remains as the eventual collector of the funds which are to be gathered by the retailer from his customers. The fact that the open accounts of non-cash discount takers remain to be carried by the wholesaler or jobber upon his books while he himself seeks the support of his own bank for the purpose of thus financing the trade is by some referred to as an undesirable aspect or outcome of our banking practice. In fact, however, what it does is to protect the banks against losses which they would otherwise almost certainly incur and to insure them through the retention of the liability of the manufacturer or distributor in those cases where business is being done with buyers whose credit is only of the second grade. This may be regarded as in no small measure an American banking contribution to methods of lending and as such worthy to be reckoned as a characteristic product of our development.

PUBLICITY IN BANKING

Publicity as an element in or condition of banking has attained during the years since the Civil War a far greater development in the United States than anywhere else in the world. The best example of rational publicity of bank condition and bank accounts is undoubtedly afforded by the Federal Reserve system. The weekly report of condition of Federal Reserve Banks and the weekly report of condition of member banks in 100 selected cities (estimated to control about 40 per cent. of the commercial banking assets of the nation) afford a substantial review each week of the exact banking situation and make it possible for everyone whose interests are touched by financial conditions or changes therein to know exactly what trend is being taken by affairs. Comparison of our published banking data with the reports given to the public by any other nation in the world will at once and immensely emphasize the progress that has been made by the United States in this form

of popular education on banking and finance. Even before the adoption of the Federal Reserve Act, however, there had been large progress in this matter of publicity and public information about banking. The various statements of the national and state banks, the annual report of the Comptroller of the Currency, and of the various superintendents of banking, and many other documents had placed the nation in the very front rank insofar as the distribution of accurate knowledge about its financial position was concerned. We have undoubtedly reached the point at which we regard and treat banking as a private business from the standpoint of operation, but at which we also view it as involving a public relationship. The publicity which has been enforced in this country with respect to bank accounts and statistics has not grown out of any desire to interfere with individual or private affairs nor has it implied any disposition to prevent financial institutions from maintaining a reasonable amount of secrecy regarding the legitimate operations in which they engage. It has been in part the outgrowth of the free banking idea and the belief that only by means of publicity could the rank and file of depositors be duly protected with respect to the character of the institutions which were holding their funds. It has also been partly due to the belief that publicity of accounts would serve an excellent purpose in preventing undue expansion or an undesirable quality of undertaking. In either case it has been directly in the interests of the general well being.

BANKING AS A PUBLIC SERVICE INDUSTRY

For all these reasons it may fairly be said that in the United States more than anywhere else the view of banking as a quasi-public service industry has taken root. If there are still many financiers and bankers in this country who would deny the fact as stated, that is not surprising. Their point of view is simply the outgrowth of an attitude which for many years past has regarded

banking as essentially a highly private and specialized kind of business. We recognize today that the modern business structure is more and more built up on credit. This is so broadly and generally true that it may perhaps be fair to say that without credit modern industrial civilization could not exist. The bank is a mechanism for the study and extension of credit, or, in other words, for the development of an agency or service which is essential to society as now organized. This, instead of putting banking upon a lower or less desirable plane, greatly raises it. The banker is no longer the professional "money lender," but the agent of the community for the furnishing and for the regulation of a commercial element essential to its existence. It is in this

sense that banking is conspicuously a public service industry, or an industry affected with a public quality. Experience has shown that banking is not a good field for the application of what is known as public ownership or government activity. In the United States the idea of banking as a profession, serving the public and controlled by a rigid professional standard of ethics, but privately owned and operated by officers chosen to represent a widely distributed body of stockholders, has been gradually developed. This view of banking, which is today being accepted by a larger and larger number of people, may perhaps as truly as any other one be regarded as epitomizing our banking progress during the past three-quarters of a century.



Economic Development of the United States, 1846 to 1921

By O. P. Austin

Statistician, The National City Bank of New York

TO picture in detail the economic growth of the United States in the seventy-five years since the establishment of **THE BANKERS MAGAZINE**, within reasonable limits as to space, is impossible. Such a picture, presented under such limitations, must be only in the broadest outline.

The mere area of the United States at the beginning of the year 1846 was but 2,182,000 square miles or little more than one-half that of today. The United States had at the beginning of 1846 no Pacific frontage, though the treaty with Great Britain, which gave us our first Pacific frontage, Oregon, was signed in June of that year. A couple of years later, came the California addition to our Pacific frontage, resulting from the war with Mexico, laying the foundations for the wonderful development of continental United

States, and giving facilities for the future connection of its great productive interior with the two ocean frontages.

When **THE BANKERS MAGAZINE** made its first bow to the financial public, in 1846, there was no rail communication between the Atlantic frontage and the great Mississippi Valley, while a full quarter of a century elapsed before the two coasts were connected by a trans-continental line. Persons desiring in 1846 to make the trip from New York to New Orleans by way of the Mississippi Valley could travel by canal from New York to Buffalo, thence by steamer to the point on Lake Erie at which a second canal would transfer them to the Ohio, and thence down the Ohio and Mississippi Rivers to New Orleans. It was not until 1850 that the short lines of railway which extended



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westward from New York and Boston toward Buffalo were extended over the Alleghanies and linked with the 1,500 miles which had been constructed in the Mississippi Valley, thus connecting the eastern frontage with that great valley which has become the world's greatest producer of grains, cottons, and minerals, and now turns out practically one-half the manufactures of this the chief manufacturing country of the world.

OUR GROWTH IN AREA AND MEANS OF COMMUNICATION

What has happened in industrial, financial, and economic lines in the seventy-five years of lifetime of THE BANKERS MAGAZINE? The area has grown from 2,182,000 square miles to 3,624,000, including Alaska but omitting our island territories; the population has grown from 20,000,000 to 107,000,000; the railroads, which were

then in round terms 5,000 miles, are now 267,000 miles; and methods of communication between our ports and those of other parts of the world which were then chiefly by the sailing vessel now utilize the fast ocean steamship, the cable, and wireless telegraphy. The telegraph had but just come into practical use, and in 1846 the entire telegraphic service of the United States was handled by three men working in a dingy basement in New York. Now the number of employees is 50,000 and the messages sent more than 160,000,000 per annum. The telephone, then undreamed of, now averages 80,000,000 messages per day. The business man who could then only communicate with the interior of the country or with other countries by letters requiring weeks for their transmission now speaks by cable, wireless or telephone to the most remote village of our own country or the principal cities and trade centers of the world.

INCREASED PRODUCTS OF INDUSTRY

What have these changes in area, population, and facilities for transportation and inter-communication wrought? The figures are astonishing—almost unbelievable, but they are official records and therefore acceptable. The value of farm products has grown from \$750,000,000 in 1846 to over \$20,000,000,000 in 1920; that of manufactures from \$1,000,000,000 to \$50,000,000,000; and the production of minerals from an estimated \$50,000,000 to between \$3,000,000,000 and \$4,000,000,000.

These three great industries—agriculture, mining, and manufacture—have resulted in a growth of our foreign commerce from \$287,000,000 in 1846 to \$13,508,000,000 in 1920, and the internal commerce from an estimated \$2,500,000,000 in the birth year of THE BANKERS MAGAZINE to fully \$75,000,000,000 in 1920.

ENLARGED BANKING POWER

As a consequence of these activities, industrial and commercial, the banking

power of the country has grown from \$400,000,000 in 1846 to \$51,000,000,000 in 1920; the money in circulation from \$250,000,000 in the initial year of the period in question to \$6,363,000,000 at the end of 1920; deposits in the banks of the country grew from \$150,000,000 in 1846 to \$40,656,000,000, and that in savings banks alone from \$31,600,000 to \$6,536,000,000, while the number of depositors in savings banks grew from 188,000 to 11,430,000. Is it surprising then, that the wealth of the country, which was approximately \$7,000,000,000 in 1846, has grown to \$350,000,000,000 in 1920, and the average per capita wealth from \$308, when *THE BANKERS MAGAZINE* made its first bow to the financial world, to an average of \$3,290 per capita today?

SOURCES OF NATIONAL PROSPERITY

This growth in prosperity, for it will be conceded that it is a phenomenal growth, has come chiefly from the development of the three great industries, agriculture, mining and manufactures, and has made us not only the world's greatest agricultural country but the greatest producer of minerals, and when this is said it shows why we should have become, as we have, the world's greatest manufacturer and that our wealth figures and banking power far exceed those of any other country.

The great Mississippi Valley, the granary of the world, was practically inaccessible at the time of the birth of *THE BANKERS MAGAZINE*, its only outlet to the sea being down the Mississippi River and even that great waterway has passed almost into disuse by reason of the development of paralleling railway lines and its railway connection with the two ocean frontages, by which its agricultural products, cotton, wool, meats and grains, as well as its mineral and forest products, are distributed the country over, and thence to foreign markets, and the raw materials moved to great industrial centers where they are transformed into manufactures, totaling in value far more

than those of any country of the world, and perhaps nearly equal in value to those of all other countries, for our manufactures of \$25,000,000,000 in the census year 1914 were nearly as great as those of the principal manufacturing countries of Europe and in the five years since that census have, according to best estimates, fully doubled in value, while those of Europe as a whole have probably increased but little owing to the war and the financial and industrial conditions which closely followed it.

UNITED STATES BECOMES A MANUFACTURING NATION

While the value of our agricultural products enormously increased, the percentage thereof which we can supply to the world is now declining, owing to the heavy demands of our increasing population and the transfer of wealth producers from the farm to the factory. The estimated value of manufactures today is fifty times as much as in 1846 and that of farm products only twenty-seven times as much. The number of persons engaged in agriculture which was then 3,000,000 is now only about 13,000,000, or four and one-half times as many as in 1846, while the number of persons employed in the manufacturing industry has grown from less than 1,000,000 to about 16,000,000; or approximately fifteen times as many people engaged in manufacturing and four and one-half times as many persons engaged in agriculture. Yet we have five times as many consumers of agricultural products, and as a consequence the proportion of our agricultural products which we can now spare for foreign countries is much smaller than formerly.

ASTONISHING INCREASE IN EXPORTS

On the other hand, the share of our manufactures which we can spare for other parts of the world has steadily and in recent years rapidly increased especially since the beginning of the war, and the value of manufactures exported, which grew from \$21,000,000

ECONOMIC DEVELOPMENT OF THE UNITED STATES, 1846 to 1921

(By O. P. Austin, Statistician The National City Bank of New York)

	1846	1870	1900	1913	1920
Area, sq. mi.	2,338,000	3,027,000	3,624,000f	3,624,000f	3,624,000f
Population	20,000,000	38,558,000	75,995,000	97,028,000	105,683,108
Railroad mileage	5,000	46,850	198,964	261,086	267,000
Telegraphs, miles of wire	3,000b	112,000	960,000	2,128,000h	2,300,000b
Pig iron production (tons)	500,000	1,655,000	18,789,000	30,966,000	86,414,000
Coal (tons)	5,000,000	29,496,000	240,789,000	508,893,000	646,000,000
Farm products (value)	\$750,000,000b	\$1,960,000,000	\$5,009,000,000	\$9,849,000,000	\$20,000,000,000b
Manufactures (c) (value)	\$1,000,000,000	\$4,232,000,000	\$11,407,000,000	\$24,250,000,000	\$40,000,000,000b
Capital invested in mfg. (c)	\$500,000,000	\$1,695,000,000	\$9,814,000,000	\$22,700,000,000	\$40,000,000,000b
Employees in mfg. (no.) (c)	910,000	2,050,000	4,712,000	8,001,000	16,000,000b
Wages in manufacturing (e)	\$210,000,000	\$776,000,000	\$2,390,000,000	\$5,043,000,000	\$10,000,000,000b
Internal commerce (g)	\$2,500,000,000	\$5,973,000,000	\$19,914,000,000	\$40,000,000,000	\$75,000,000,000b
Imports	\$150,000,000	\$436,000,000	\$850,000,000	\$1,813,000,000	\$5,279,000,000
Exports	\$137,000,000	\$393,000,000	\$1,394,000,000	\$2,466,000,000	\$8,229,000,000
Total foreign commerce	\$287,000,000	\$829,000,000	\$2,244,000,000	\$4,279,000,000	\$13,508,000,000
Manufactures exported (d)	\$21,000,000	\$70,000,000	\$485,000,000	\$1,185,000,000	\$4,163,000,000
Circulation	\$250,000,000	\$676,000,000	\$2,055,000,000	\$3,364,000,000	\$6,363,499,000
Savings depositors (no.)	198,000	1,631,000	6,100,000	10,767,000	11,430,000
Savings bank deposits	\$31,600,000	\$550,000,000	\$2,450,000,000	\$4,727,000,000	\$6,536,000,000
Total bank deposits	\$150,000,000	\$1,190,000,000	\$7,240,000,000	\$18,010,000,000	\$40,656,000,000
Banking power	\$400,000,000	\$3,100,000,000	\$9,200,000,000	\$23,181,000,000	\$50,982,000,000
Wealth	\$7,000,000,000	\$30,068,000,000	\$88,517,000,000	\$188,000,000,000a	\$350,000,000,000b
Wealth per capita	\$308	\$780	\$1,165	\$1,965	\$3,290b

(a) 1912.

(b) Estimated.

(c) Census figures of nearest year.

(d) Exclusive of manufactured foodstuffs which are included in census figures of manufactures.

(e) Wages and salaries.

(f) Exclusive of noncontiguous territory.
(g) Value of merchandise forming the Internal commerce of the country.
(h) 1912.

in 1846 to \$70,000,000 in 1870, \$485,000,000 in 1900, and \$1,185,000,000 in 1913, showed in 1920 the phenomenal total of \$4,163,000,000, this figure including merely the two great groups, "manufactures ready for consumption" and "manufactures for further use in manufacturing," and omitting the third group of "manufactured foodstuffs" which are always included in the census totals of "manufactures turned out." Manufactures of these two groups which formed about fifteen per cent. of our exports in 1846 and eighteen per cent. in 1870 were thirty-five per cent. of the total in 1900, forty-eight per cent. in 1913, approximately fifty-two per cent. in 1920, and 57.3 per cent. in the opening month of the year 1921.

This phenomenal growth in our production and exports of manufactures is especially interesting as a part of the industrial and economic development of the country during the seventy-five years under consideration, and especially from the standpoint of the banker who supplies much of the capital utilized from day to day in these tremendous activities. While we produce at home a very large proportion of the material utilized in turning out the approximately \$50,000,000,000 worth of manufactures produced in 1919, the year following the close of the war, there are certain important articles required in the industries which we do not ourselves produce, especially those of tropical or sub-tropical growth, india-rubber, fibres, cotton of especially high grade, raw silk, the gums, hides and skins and tin, and the total value of our import of "raw material for use in manufacturing" has grown from approximately \$12,000,000 in 1846 to \$56,000,000 in 1870, \$276,000,000 in 1900, \$685,000,000 in 1913, and \$1,753,000,000 in 1920, the total for the year just ended being in value nearly three times as much as in the year before the war, and while a considerable percentage of this apparent increase is due to higher prices, it may be safely assumed that the actual quantity of material for use in manufactur-

ing imported in 1920 was far in excess of that of 1913.

This increase of nearly 200 per cent. in the value of manufactures exported, comparing 1920 with 1913, suggests that our manufacturers are now giving closer attention to production of manufactures, especially for foreign markets. While it is impossible to closely estimate the share of our manufactures which passes out of the country, by reason of the fact that while the figures of exports are the "wholesale market value" of the articles in question at the port of exportation, the census figures of production are the producers' valuation of the articles at the factory, many miles from the port of exportation and produced many months prior to the date of such exportations. In general terms, however, it can safely be asserted that our manufacturers are increasing the proportion of their product which they now send to foreign countries as compared with the pre-war years and that the United States now stands second in the list of the world's exporters of manufactures, being now only slightly below Great Britain, which has always headed the list.

ADDED IMPORTANCE OF MANUFACTURING

Manufactures are becoming a more and more important factor in the industrial activities, financial requirements, and foreign commerce of the country. They are in fact the hope of our foreign trade, for we have no longer any considerable quantities of food, or raw material except possibly cotton, to spare to the outside world, and we are happily increasing the proportion of our cotton which we turn into finished form before passing it out of the country, thus giving to labor, capital and the banking interests a greater proportion in the value of our exports than was the case when they were passed out of the country in the natural state. This growing interest which capital feels in the manufacturing industries of the country is evidenced by the fact that the quantity of money now utilized to put into pro-

duction of a dollar's worth of manufactures is much greater than in the early part of the period covered by this review. In fact, the ratio of "capital" engaged in the manufacturing industries to the value of the manufactures turned out is, according to census figures, nearly twice as great at the present time as at the birth of *THE BANKERS MAGAZINE*, since census figures of the total capital engaged in manufactures in 1850 were only about one-half as much as the gross value of the manufactures turned out in that year, while the official figures of 1914 showed the "capital" of the manufacturing establishments of the country as being nearly equal to the gross value of the manufactures turned out. The official figures for 1850 show capital of the manufacturing establishments of the country at \$533,245,351; value of products of the same year \$1,019,107,000; and in 1914, the latest official figures, capital \$22,790,880,000, and value of products \$24,246,323,000. No official figures of the capital employed in manufacturing in 1920 are yet available but doubtless they will show an enormous increase over those of 1914, and may approximate \$40,000,000,000.

Of course, this increase in the sum of money required to turn out a dollar's worth of manufactures is due to the increased use of machinery and therefore the increased cost of the factory, plus the higher wages paid, for the official figures show that the wages and salaries paid in the manufacturing industries of the country advanced from \$220,000,000 in 1850 to \$5,367,000,000 in 1914, and presumably about \$10,000,000,000 in 1919. The capital invested in manufacturing in 1914 was forty-five times as much as in 1850; the sum paid for services twenty-three times as much; the number of employ-

ees nine times as many, and the value of products turned out twenty-five times as much, while the census of 1920 will probably show the total value of manufactures turned out in 1919 at approximately fifty times that of 1850, and the capital of the manufacturing establishments nearly one hundred times as much as at the birth of *THE BANKERS MAGAZINE*. Manufacturing is thus today and will be tomorrow and next year and indefinitely, with its demands not only for capital but for a continuous stream of money with which to keep it in operation, buying new material and carrying the finished products until sold, the biggest of all the big factors in the industries of the country and their relation to the banking interests.

A GLIMPSE OF THE FUTURE

What of the future? Prosperity and success, of course! There may be moments of depression, but how can a country which produces two-thirds of the world's cotton, sixty per cent. of its copper, practically one-half of its pig iron, two-thirds of its corn, far more wheat than any other single country, nearly one-half of the world's manufactures, a railway system and commercial marine ample for their distribution, and has behind them a larger capital and banking power than any other nation and an industrious population of over 100,000,000 fail to continue the marked prosperity which has characterized its record from 1846 to 1921?

The accompanying table shows the development of some of the important factors in the industrial, financial and banking history of the country in the seventy-five years of the life of *THE BANKERS MAGAZINE*.



The Evolution of Bank Service

By Noble Foster Hoggson

WE have grown so accustomed to the remarkable in the past few years that it is surprising to notice how rapidly the marvel of yesterday becomes the commonplace of today. Postoffice, telegraph, telephone, railroad, bank—these words and a thousand others represent services marvelous in their intricacy and efficiency which to us are now commonplace. To our fathers the services upon which our present civilization rests would have been marvelous: for most of us they no longer evoke wonder.]

I, for one, regret that this should be so. I feel that today the salvation of man depends largely upon the extent to which we as individuals see history as the common adventure of all mankind; a common adventure from which slowly men of all classes have come to learn the advantages of working together for the common interest, rather than as individuals actuated by selfish motives.

For us to forget that there was a time when men did not possess the conveniences, the comforts, the ease which we today possess, to accept without wonder and admiration the service which society performs for us as individuals, is to have lost something without which we cannot be good citizens.

Perhaps we are most of us inclined to accept without wonder this service because our memories are short both racially and as individuals. Or perhaps it is because we are quite ignorant of the history of so many of the things which contribute to our comfort and happiness. We do not see them as the outcome of a long process of evolution, the flower of the thought and labor of thousands of our fellowmen actuated by a real desire to make the world a better and an easier place to live in.

THE PRESENT LINKED WITH THE PAST

To see the world in which we live historically is to feel our indebtedness to the past; to feel that each of us is a part of the past, even more than we

are parts of the present. It is to feel in a newer, stronger way, not only our responsibilities to millions of fellow men whose bodies are gone, but whose souls live in the things we see about us. It is, as the saying goes "to have traditions," to feel a very real part of an honorable past. It enables one to feel not only one's responsibilities to that past and the men who have thought and labored and suffered since the world began, but it gives us a greater sense of our responsibilities so far as the future is concerned. It helps us to so govern ourselves and our doings in the present that the outcome of our actions in the future may not be unworthy of our glorious past.

GETTING THE RIGHT VIEWPOINT OF THE BANK

I sometimes wonder as I stand in the lobby of one of our great city banks and watch the long line of men and women waiting their turn at the teller's window, how many of them regard the institution in this light. I wonder whether even the prosperous looking business man waiting to say a word to the cashier regards the institution which serves him in the way I think it should be regarded.

I feel that if the laboring man saw the bank which held his savings, not as the stronghold of a much-maligned section of the "capitalistic classes," but the production of men much like himself, actuated in most cases by loves and hates and ambitions similar to his own, whether he would so readily listen, when temptation came, to the ravings of the soapbox orator. I feel that if he traced, as I have traced, the history of banking and seen how closely the development of banking as an institution has followed the development of civilization; if he had seen even in the history of our own country what the banks and American bankers had done in making the United States what it is today he would perhaps regard the building in

which he stands and the men who serve him in it in an entirely different way.

If that business man could be brought to see the bank which serves him less as an organization whose representative in the person of the cashier had spoiled all his carefully laid plans by refusing him the loan he asked, than as a part of a world-wide organization which made his business possible, perhaps he would not feel so bitter. If he knew a little of the history of this organization and the traditions of service which during the centuries it had more or less consistently lived up to, he would perhaps feel that after all was said and done, the effect of the bank's refusal to grant him a loan was a very small matter when compared with the service it rendered him as a part of the business world.

And perhaps that teller whose courtesy to customers is sometimes tempered by the quality of their clothes, would act differently, if he knew a little more of the history of the institution of which he formed a part; if he appreciated as he should the fact that the banks of this country and the banks of every other country rest now, as they have rested in the past, upon the savings of the masses, not upon the wealth of the few.

BANKING IN RETROSPECT

I sometimes wish, as one intensely interested not only in the past of American banking, but as one equally interested in the possibilities of its future, that I could conduct a sort of Cook's Tour of banking throughout the ages. I should like to have business men, workmen and bankers stand with me in the Wall Street of ancient Rome—that street called Janus, lying just north of the Forum—the heart of the Roman banking district since the fourth century B. C. Here we would see the Roman bankers seated in their compartments on high stools behind the tables upon which was piled their stock in trade, coins of all shapes and sizes. We would be surprised by the many ways in which their surroundings and duties resembled those of their modern successors. The apartments in which the bankers sat and transacted their

business lay just behind a portico whose impressive architecture strikingly resembled the front of many of our modern bank buildings. Large Roman numerals on the pillars of this portico made it possible to distinguish the quarters of one banker from the other.

So striking in fact would be the resemblance to the modern American bank that, barring the question of language, the American bank teller would speedily make himself quite at home in the office of his Roman forerunner.

Nor would he find the business he was called upon to transact so greatly different from the business he transacts today. While even bankers are inclined today to regard the ancient Roman banker as more of a money-changer than as a banker in the modern sense of the word, the high stage of development of Roman commerce demanded bank service almost as complicated as our own. While, of course, the Roman banker had none of the innumerable aids to quick and efficient transaction of business which the American banker has today, he managed with the tools and facilities at his disposal to conduct a large and intricate business. His daily routine included the opening of accounts, the sale of exchange, the granting of loans, the buying of mortgages, and the furnishing of letters of credit.

Thus had we stood any business day in front of the bankers' portico on the Via Janus, we would have seen at one moment a young patrician hurrying into his favorite banker's to draw a thousand restatii to bet on his favorite gladiator, who was to fight that afternoon in the near-by Coliseum. A few minutes later we might see a couple of Greek slaves passing through the portico into the office of another banker, perhaps to deposit their savings against the time when they might accumulate enough to buy their freedom. Or we might even see a portly merchant dismount from his richly ornamented litter, to be met on the portico by the banker himself, perhaps come to seek aid in financing the movement of a cargo of grain from Alexandria in Egypt.

And if it were possible for us to

get into conversation with the banker whose office stands nearest to us, we would find that the Roman banking system, like the Roman banking offices and the routine of the Roman banker, possessed many features similar to our own. While there were no savings banks in the modern sense, money could be "saved" much as we save it today. The man or woman who wished to put something by for a rainy day could either entrust it to the bankers, place it in the hands of the priests, or deposit it in the vaults provided and guarded by the Roman State. If the money was deposited with the banker, the depositor could have a choice of what was equivalent to a "thrift account" or a "checking account." If he decided to maintain a "thrift account," he was paid interest on his balances. If he decided, on the other hand, to have the privilege of drawing checks against his deposits, he received no interest. The Romans were also accustomed to lending their surplus funds to the bankers for a specified period at a fixed rate of interest. These funds the bankers were permitted to invest to the best of their judgment. Thus we see that even in those days the investment banker was in existence and the Romans had sufficient faith in his judgment and farsightedness to entrust to him their surplus funds.

Not only did the investment banker of today have his prototype in ancient Rome, but the safe-deposit company of today with its facilities for storing and safeguarding the valuables of the public was also represented in the Eternal City. The safe-deposit vaults of ancient Rome, many of them occupying buildings of vast extent, were under the direction of the state, and judging from what we know of them were institutions as useful and as well managed as their modern successors.

In ancient Rome, as in modern America, the bank existed to serve the needs of the public. It grew with Rome, developing a more and more complicated service, as the demands of Roman commerce and finance became more varied. Just as the banker does today, the Roman banker helped the

exporter to exchange the products of Rome for the products of the outlying parts of the Roman world, whether they happened to be the wheat and fabrics of Egypt, the dyestuffs of Tyre, or the tin and iron of ancient Britain. Like the bankers of today they used the surplus of the people to finance the foreign trade of their country. They performed a function in the economic machinery of the Roman State which played no small part in laying the foundation of the modern world.

The disintegration of the Roman economic system which followed the decline of Roman political power, produced chaotic economic conditions which made commercial intercourse difficult not only between different countries but even between different cities a short distance apart. As we have come to see during the past two years political and economic stability is the *sine qua non* of international commerce and finance. The splitting up of the Roman Empire introduced a period of decline, so far as banking was concerned. The bankers for a long time tended to remain small money-lenders and money-changers, performing, it is true, a valuable function in the district where they lived, but possessing neither the opportunities nor the facilities they had in the time of ancient Rome.

It was not until Venice became "Queen of the Adriatic," and succeeded for a time in partially emulating the greatness and power of Rome, that the banker in the modern sense, and in the ancient Roman sense, came again into his own. Beginning as an organization designed to serve as a government-controlled bureau for the borrowing of money for state purposes, the first bank of which we have a record in the Middle Ages in time became a bank of deposit and apparently in time developed ways and means of handling an extensive foreign exchange business. The Venetians of those days were not only masters of the seas but the foreign traders *par excellence* of the time. And judging from what we read of their history, their banks like the great American banks of today served to place at the disposal of the Venetians

exporters and traders the surplus funds of the people of Venice. As had been the case in Rome, with the growth of the country's commerce, their skill and facilities increased. They seemed to have worked shoulder to shoulder with the great merchants of Venice to increase the wealth and extend the power of their city.

Down through medieval times to the dawn of the modern era, we can trace the same close alliance between the banker and those forces which worked for economic stability and progress. To recount the changing fortunes of the banking profession up to the beginning of the last century would be to retell the story of the slow growth of the foundations upon which our modern civilization rests. What the banker and the banks did to aid in the exploration of all parts of the world after the discovery of America, what he did to develop the commerce and new civilization which began to take shape more and more clearly, would be a repetition, on a large scale, of the story of enterprise already told regarding the Roman and Venetian banker.

THE BANKER'S SERVICE TO CIVILIZATION

During the centuries the bank and the banker have served to develop and extend the use of money and banking credit. Thus in a very real sense the banker may rightly claim to have done much to enable the people of the civilized world to enjoy those things which depend upon an adequate currency.

In his recently published "Outline of History" H. G. Wells, by implication at least, puts this side of the history of banking in an inimitable way.

"The first effect of money," says Mr. Wells, "was to give freedom of movement and leisure to a number of people who could not otherwise have enjoyed these privileges. And that is the peculiar value of money to mankind. Instead of a worker or helper being paid in kind and in such a way that he is tied as much in his enjoyment as in his labor, money leaves him free to do as he pleases amidst a wide choice of purchasable aids, eases and indulgences.

He may eat his money, or drink it, or give it to a temple, or spend it in learning something, or save it against some foreseen occasion. That is the good of money, the freedom of its universal convertibility. But the freedom money gives the poor man is nothing to the freedom money has given the rich man. With money rich men ceased to be tied to lands, houses, stores, flocks and herds. They could change the nature and locality of their possessions with an unheard-of freedom. In the third and second century B. C. this release, this untethering of wealth, began to tell upon the general economic life of the Roman and Hellenized world. People began to buy land and the like not for use but to sell against a profit. People borrowed to buy, speculation developed. No doubt there were bankers in the Babylon of 1000 B. C., but they lent in a far more limited and solid way bars of metal and stocks of goods. That earlier world was a world of barter and payment in kind, and it went slowly and much more staidly and stably, for that reason. In that state the vast realm of China has remained almost down to the present time. . . . Rome was a political and financial capital, and in the latter respect at least she was a new kind of city."

This statement of the advantages to civilization springing from the growing use of money and the whole system of finance which rested upon it as a foundation, shows in a striking way, the service the banker as the manager of the world's money, performed not only in those early days but down through the centuries to the dawn of the modern era.

RECENT DEVELOPMENT OF BANKING

Perhaps the most amazing development of banks has occurred during the past seventy-five years, a development which began with the industrial revolution and has paralleled closely the changes which have occurred in the social and economic structure of our civilization ever since. True, the economic and political developments which occurred after the discovery of America gave

the banker an opportunity to play a larger part in the economic life of the world than he had perhaps played since the decline of the Roman power. True, he did not fail to profit by those things which have done so much to make modern civilization what it is today. The invention of paper, the invention of printing, the improvement of communication, the growth of foreign commerce, all had their effect on his business and the service he attempted to perform for the business community of the Middle Ages.

But the bank as we see it today is largely the product of the last seventy-five years.

The gradual growth of international commerce, the coming of the steam engine and the development of the steamship, the invention and perfecting of the telegraph instrument, the passing of the old form of industrialism and the coming of the new—all these things and the changes which they brought about in the form and purposes of our civilization were reflected in the development of bank service. Not only did they become part of the service of the average bank, but the average bank played a leading part in placing the facilities which these changes produced at the disposal of the man in the street. For instance, the bankers of the world are perhaps as much responsible for the railroads of America as the men who planned and built them. Without the bank the railroads of America would probably not exist today. And without railroads could our civilization exist? The bankers of Europe collected the capital which built the roads in the first place; the bankers of America financed the building.

The same statement could be made in regard to half a hundred of our basic industries. The bank served as the gathering point for capital and the banker as the directive agent, who saw to it that the capital he had collected was wisely invested.

A whole volume could be written on the theme: "The Banker as Pioneer." The history of our country reveals the average banker as a man who kept pace with the developments of his day—a

man who invariably drew about himself and his institution the best knowledge and the best mechanical skill of his time, in order that he might serve his public as his traditions taught him they should be served.

Fully to appreciate how true this last statement is it is only necessary to compare the average American bank of seventy-five years ago with the modern city bank of today. In that way we can see with startling clearness reflected in the bank and its service the growing complexity of an evolving civilization and the successful efforts of the banker to achieve within his institution ways and means of meeting the growing demands which were made on both bank and banker.

In no respect, perhaps, is this change more strikingly manifest than in the character of the present banking structure as compared with those of seventy-five years ago. This change has taken place most rapidly within the past quarter of a century and is still progressing with increasing pace.

The modern bank building, whether designed exclusively for the bank's use or representing a combination for bank and office purposes, symbolizes the solidity and strength which should be typical of the institution itself, and more than that is usually an example of a high degree of architectural taste. It also provides in its arrangement and equipment for the safety, comfort and convenience of those who deal with the bank, and thus offers a welcome to the public, indicating that the bank has awakened to the desirability of friendlier relations. And the people have been quick to respond to this new spirit, as the increased ratio of gain in business which almost invariably follows upon the opening of a new bank abundantly shows.

The facilities of the modern bank are so familiar to the most of us that it seems hardly necessary to describe them in any great detail. The modern banker recognizes that this is an age of machinery. He does not feel that a man or woman should be called upon to do work which a machine can do as well or better. The volume of business he

is expected to handle accurately and expeditiously, as compared with the volume of business his predecessor of seventy-five years ago handled, has forced this belief upon him.

Today, as in most industries, banking institutions, no matter how small, make extensive use of labor-saving devices. Adding machines, bookkeeping machines, "automatic cashiers," telephones, telautographs, pneumatic tubes, telegraph wires—these are but a few of the products of modern inventiveness and mechanical skill, which the banker has adopted in the conduct of his business. Like the manager of an efficient factory, he works for speed, accuracy, and economy, and shares with those he serves the benefits which accrue from the operation of every new labor-saving device or method.

Gone are the sputtering pens of seventy-five years ago and with them the unwieldy ledgers and books which littered up the offices of the banks of olden days. They are gone with the need that existed in those days for the tellers to count personally all the coin they received each day. The modern bank uses bookkeeping machines and loose-leaf ledgers and the tellers entrust the counting of the coin they receive to a machine which counts, sorts and wraps it, in a fraction of the time the task would take them to perform the work.

But a few years ago, when the paying teller wanted to communicate with the bookkeeper in regard to a doubtful check, he had to leave his cage and go for the information himself. Today, abandoning even the telephone, he uses the telautograph, that ingenious electrical instrument which in an instant transmits, in the handwriting of the sender, the query to the man who can supply an answer.

Mechanical check-writers have routed simultaneously pens and forgers. Machines which write statements have eliminated a large part of the end of the month work which made the life of the average bank employee a burden to him at least twelve times a year.

The mechanical means of facilitating the transaction of business are not con-

fined to the inside of the bank building. Many banks today have leased private telegraph wires connecting their various offices which permit the officers of the organization in one city to communicate instantaneously with the officers in another.

In short, the modern bank has taken advantage of all the facilities which our complex economic organism offers those who would transact business swiftly and accurately. And so firmly do the boards of directors of most of our banks believe that it is their duty first of all to serve their public, that they in most cases go out of their way to place the facilities they possess at the disposal of their community. So thoroughgoing has the adoption of this policy on the part of our larger banks become, that the average business man in search of business information or aid in the solution of some problem which confronts him almost instinctively thinks of his banker. And his instinct is sound. The banker in the larger city is in touch with all parts of the world and finds it almost as easy to discuss conditions in France with the manufacturer who plans to launch a selling campaign in that country as he does to discuss the state of the cotton crop in Texas with the country banker who drops in to see him.

The banker has developed his ability to serve through the particular institution he controls to such an extent that even the phrase applied so aptly to the modern bank "a department store of finance" fails completely to describe it.

The banker's ability to serve is co-extensive with the civilized world. Our world rests so completely on a foundation of credit that it could hardly be otherwise. And it is in this fact that the promise of the future lies so far as our banks are concerned. The banker occupies what we might call a strong strategic position in our national affairs. Reaching all classes as he does, knowing their feelings as he must, serving the whole community, as he has for many years, he is in the best of positions to serve as a leader both in

the affairs of the city or town where his bank happens to be located and in the larger affairs of the nation. He can be, if he will, a statesman as well as a banker, and a statesman whose opinions and actions are based upon the soundest of foundations—personal knowledge of national and international conditions.

That the banks of the United States will live up to this high ideal, in the future, to a greater and greater extent, I cannot help but believe as I recall their long and useful history. In their present attitude towards the communities they serve, I find further support

for this conviction. All that is now needed to enable the banker to perform his maximum service to the community and the nation, is a better understanding between community and banker. The community must come to know the banker less as a banker and more as a human being, striving like other men to serve his community as best he can. The banker on his side must keep clearly in mind his traditions and do what he can to make these traditions known to those with whom he deals. Thus will result an *entente cordiale* from which the world may expect much.



America's International Banking and Financial Relations

By Elmer H. Youngman

THE world war brought about a sharp reversal in the financial position of the United States. We have not only bought back the major portion of American securities held abroad, but have ourselves made heavy investments on foreign account. Because of reduced amounts which we are required to pay in the shape of interest and principal on foreign capital invested in the United States, the lessened amount of tourists' expenditures abroad and decrease in the amount paid for insurance premiums and freight rates to foreign concerns, and especially because of the great increase in the exportation of American products, the balance of trade has been for several years running heavily in our favor. The causes of these changes are too well known to require rehearsal.

From the marked change which has taken place in our financial situation, it might be inferred at first glance that the European war resulted in a tremendous accession of wealth to the United States and that it has vastly improved our financial position. If we

could accept figures at their face value, no other conclusion could possibly be reached. The tremendous increase in our export trade, the marvelous growth of banking, the additions to the supply of money in circulation, the large amount of capital invested abroad and the liberal scale of expenditure on which the majority of our people now live—all these things would seem to spell an enormous accession of wealth and an unexampled prosperity.

But there are some offsetting conditions. Against our investment of upwards of ten billion dollars abroad, we have incurred a domestic debt of more than twenty billions. The latter we are quite sure to have to pay. It is by no means certain that our foreign debtors will pay what they are owing to us; in fact, it is quite certain that some of them will not. Besides, the dislocation in prices and the more or less general disturbance of industrial relations largely tend to counteract the apparent advantages which the war has brought in other directions.

But whether the changes in our finan-

cial relations which the war has brought about be considered beneficial or otherwise, there is no doubt that these changes have taken place, and particularly with reference to our position in respect to the trade and finance of other countries.

Before the outbreak of the European war our relation to foreign investments was comparatively negligible. Our bankers had been called upon only to a slight extent to participate in foreign loans. As a rule, when these loans were absorbed to some extent in this country at the time of their original issue, they were soon after passed on to foreign holders. Now the situation is completely changed. Great Britain, France and Germany have been deprived of the position which they formerly enjoyed as the principal agents in placing fresh capital throughout the world, and the functions which they formerly fulfilled in this respect have been devolved, to a very large extent, upon the United States.

AMERICAN FINANCIAL EQUIPMENT FOR FOREIGN SERVICE

This new situation, calling for large amounts of capital and the exercise of a high degree of financial skill, found our bankers but partially equipped for the new and important duties they were thus suddenly called upon to perform. Fortunately, the banking system of the country had been brought into some degree of unity by the Federal Reserve Act, which became a law before the breaking out of the European war, but did not get into actual operation until some months after the beginning of the conflict.

Prior to the enactment of this law, we had taken absolutely no steps toward equipping the banking institutions of the country for foreign service. The reason for this neglect is to be found in the fact that the domestic demand for banking facilities was so great that our banks found their capital and activities fully employed in this direction, and the incentive to go into the foreign field was wholly lacking.

The Federal Reserve Law as originally enacted took the first step in the direction of preparing the banks of the country for a service that was destined to grow rapidly in importance within a few years after the passage of this act. Reference is made to the provision of the Federal Reserve Act which authorized national banks having a million dollars capital and surplus or over to establish branches abroad.

Experience developed the fact that the national banks were slow in taking advantage of this provision, and even up to the present time only a limited number of the large banks have established branches in foreign countries.

As a further means of encouragement of the extension of American banking facilities abroad, the Federal Reserve Act was subsequently amended by authorizing national banks to subscribe for the stock of institutions organized under state laws for doing a foreign banking business; and, by a still later amendment, Federal corporations were authorized to engage in foreign banking and financial operations, the stock of which might be owned in whole or in part by the existing national banks.

Both of these provisions have been taken advantage of to a considerable extent and under the former one several important concerns have been formed for the purpose of carrying on banking operations abroad.

SOME TIMIDITY IN ENTERING THE FOREIGN FIELDS

It would seem from this experience that the American banks are reluctant to venture into the foreign field individually except in the case of a few of the more important institutions. The majority of the banks, it would seem, choose to unite with others in exploring a field with which they are altogether unfamiliar.

The latest attempt to unite, not only the banks, but the manufacturing, industrial, commercial and agricultural interests in the formation of an institution to develop America's foreign trade is to be found in the effort to organize

the Foreign Trade Financing Corporation with a capital of one hundred million dollars and authorized to issue its debentures to ten times that amount.

The fundamental conception governing the organization of a corporation of the last-named type is to be found in the nature of its functions, which are intended to be chiefly of an investment character.

The demand for the formation of such an organization arose from the fact that it was found that the commercial banks, with their deposits payable on demand, could not adequately meet the needs for long-term financing which the European situation called for.

The experience of the limited number of corporations already formed under this new law, and the fact that the larger corporation to which reference has just been made has not as yet begun business operations, furnish inadequate data on which to rest a conclusion as to the probable efficacy of the new measure in meeting our present requirements with relation to European trade.

LACK OF INTEREST IN FOREIGN INVESTMENTS

Perhaps the underlying condition which will tend to militate against the complete success of institutions of this character is that which has been referred to at the beginning of this article as the limiting influence in the investment of American capital abroad, namely, that the demand for capital here is still so intense that unusual attractions or incentives have to be offered for luring American dollars into foreign lands.

But as tending to counteract this condition to some extent, it may be said that there is a growing realization of our necessity of making foreign investments if we are to maintain the output of our farms and factories at anything like their present capacity, which quite exceeds the demands for home consumption.

Although foreign trade, as well as

that within the borders of any particular nation, may and does have highly beneficial effects upon individuals and the community at large, such trade has profit for its chief motive, and it is this prospect of profit which must be relied on as the final element in determining the disposition of the United States to extend its financial and banking operations into foreign countries.

Our banking institutions have already heavily engaged in short-term financing of exports to Europe and with results that have been far from satisfactory. Under present conditions, the limits within which credit can be advantageously extended on present lines has been substantially reached.

Should the banks be compelled to carry these credits indefinitely, or if any considerable part of them should finally fail to be met, it would result in greatly diminished interest in attempts to further expand our international credits. This disposition would be increased should it turn out that the indebtedness of foreign governments to the United States will not be paid.

FUNDAMENTAL ELEMENTS OF OUR FOREIGN CREDIT PROBLEM

There are two elements of prime importance in the future relation which the United States is to sustain toward international banking and financial operations. The first of these relates to the ability of European governments and individuals to furnish satisfactory security. Unless such security can be provided, it is idle to expect that our banks or people will take the risk which the improperly-secured investment of capital would inevitably entail.

Even after satisfactory security is provided, the question of our making investments abroad will depend very largely upon the possession of surplus funds for that purpose. The high rates which first-class domestic securities yield would seem to indicate that at present no such surplus is available. It can only become so in the future by a much greater disposition to save than now appears evident among the masses of the American people.

BANKERS AND GOVERNMENT ALERT TO
THE REQUIREMENTS OF THE
SITUATION

In a general way it may be considered that both the Government and the bankers have done everything possible to adapt our banking and investment machinery to the special demands of the existing credit situation in Europe. The banks have not only been permitted to go into the foreign field on their own account, but as already stated they are authorized to engage in this enterprise through concerted effort. Especially designed types of corporations to meet the exigencies of the situation have also been devised. Bankers, manufacturers, farmers and others as individuals have been insistent in their endeavors to arouse public interest in the matter of foreign investment, and if their efforts have not as yet achieved quite the success hoped for it must be attributed to the fact that lack of surplus earnings has caused a comparative scarcity of investment capital and that such funds as were available could find safe employment at home at rates of interest heretofore quite unknown in the history of the country.

Until the financial and industrial situation in the United States is brought back more nearly to a normal position, and until political, industrial and commercial conditions in Europe become more stable, it would seem that the chances of our doing anything in a large way in the matter of foreign investing does not appear promising. Until such restoration takes place, the financing of imports and exports will very likely have to be carried forward in the same way as it has been in former years. If existing facilities for financing foreign trade have been largely exhausted, the only remedy in view of existing conditions, would seem to be to curtail the volume of such trade to an extent that will bring it within the scope of the means at its command. This course will no doubt result in much inconvenience and some distress, but inevitably in the course of time

such a condition tends to effect its own cure.

If indisposition or inability to save may partly account for America's present lack of more effectual participation in the foreign investment market, it may be said on the other hand that it is owing to the same difficulty abroad that a number of the countries are not able to pay for food, raw materials and manufacturers which otherwise could be obtained from the United States.

The war expenditures in Europe still continue large. With the impoverishment which the great struggle superinduced, the means to lay out large sums in new constructions no longer exist. The deficiency could be made up in part by practicing a more rigid economy in regard to expenditures not absolutely necessary. This would help in making it possible for Europe to buy more largely in the United States and especially of those things which are needed in order to get her own industries reestablished. On the other hand, if the people of the United States would curtail their present extravagant rate of expenditure, they would thus be in a position to buy very largely of European securities and thus help in maintaining the production of our own farms and factories at something approaching their full capacity.

While the problem is thus seen to be a two-sided one, it is largely dependent upon greater economy in this country and in Europe.

UNITED STATES WILLING TO HELP

The disposition to do everything possible in restoring prosperity in Europe seems to be very general throughout the United States, and this disposition does not originate wholly in benevolent motives, but it is quite fully realized that such a policy would greatly redound to our own prosperity. Unfortunately, however, the ability to put this disposition into effect is limited by conditions already mentioned.

If, however, all has not been done that could be wished, it must not be in-

ferred that no progress has been made. As already shown, several of the very large banks of the United States have established numerous branches in various quarters of the world. Our banks have also acquired either substantial or controlling interests in a number of foreign banks and financing corporations and a number of these are now in successful operation in various quarters of the world. The number of foreign banks established in the United States has also very largely increased within recent years.

RESTRICTIVE POLICY TOWARD BRANCHES OF FOREIGN BANKS

It is to be regretted, however, that the United States has not seen fit to accord to the branches of foreign banks the same liberal treatment which has been given to the branches of American banks established abroad. The state laws of this country quite generally limit the business of branches of foreign banks within very narrow restrictions; although, when our own banks go abroad, they expect to do all kinds of banking business, with the possible exception of issuing notes.

OUR FUTURE ATTITUDE TOWARD INTERNATIONAL BANKING AND FINANCE

Reviewing the matter in its general aspects, it must be concluded that the

future of America's attitude toward international banking and finance depends less upon the disposition of the American banking public and the people at large and more upon the ability of Europe to furnish the kind of security required, and the further ability of our own people to put by a surplus sufficient to enable them to buy European securities to any considerable extent.

If the United States has thus far not quite fulfilled the expectations of the countries of Europe who are looking to us for their credit supplies, this failure cannot be attributed to indifference in the matter, nor to our failure to realize the importance of the problems involved. In fact, the subject has been discussed in all its aspects by bankers, business men, farmers and substantially all classes in the country.

Probably at the bottom of the difficulty will be found the disorganized and unsatisfactory state of political and economic conditions prevailing quite generally throughout Europe. This disturbed position of affairs in that quarter of the world has largely operated to destroy confidence, and in a matter so delicate as the investment of capital in foreign lands, especially where such experience involves a new departure, the absence of confidence is necessarily fatal to anything like a satisfactory development in this direction.



TO set the face in the right direction and then simply to travel on, unmindful and never discouraged by even frequent relapses by the way, is the secret of all human achievement.

—Ralph Waldo Trine

Some Achievements of The Bankers Magazine

By the Editor

ANY attempt to record the achievements of THE BANKERS MAGAZINE is liable to subject itself to the charge of self-praise. In the case of publications, as of individuals, indulgence in self-praise is not apt to enlist much outside interest. But after a continuous existence of three-quarters of a century, something may be conceded to the privileged garrulity of age.

The long period that has intervened since the establishment of the MAGAZINE necessarily makes a review of its history less inclusive of those now concerned in its publication than of others who long since retired from association with it. It is therefore only a matter of justice to those who in the past labored with conscientious devotion to ideals, and with excellent results, to pay to them the tribute which is their due.

Besides, in surveying the record of THE BANKERS MAGAZINE during the last seventy-five years, the chief encomiums must fall upon the bankers and other contributors who have made its pages an authoritative reflex of American banking principles and history. While the editorial pages have endeavored in so far as possible to keep abreast of the best banking thought of the day, they have, in the main, merely been the mirrors which have reflected the views of banking and economic experts throughout the world.

In carefully examining the bound volumes of the MAGAZINE from 1846 to the present time, one is struck by the fact that here is presented a more complete record of banking history and progress than may be found elsewhere. This statement is well supported by the fact that hardly any writer on banking and finance in recent years has failed to make liberal quotations from this source when dealing comprehensively with the country's banking history.

In the earlier years of the MAGAZINE very careful attention was given to the presentation of complete banking and economic statistics, and this character of information alone renders the earlier volumes of very great usefulness to students of banking and economics. Subsequently the furnishing of statistics became so much a matter of governmental function, supplemented by various other services, that this feature of the MAGAZINE was gradually discontinued. At present the desire for the freshest statistical information is such as to call for a more frequent publication of information of this character than possibly could be made in a periodical appearing only once a month.

SOUND BANKING PRINCIPLES AND METHODS

From the outset of its career the THE BANKERS MAGAZINE has fought steadily and as resolutely as it knew how for the maintenance of a thoroughly sound system of banking and finance. It opposed a greenback currency as a permanent part of the country's circulation, and took strong ground against the free and unlimited coinage of silver and in support of the gold standard. As a substitute for the bond-secured currency of national banks, it proposed a circulation based upon coin and commercial paper, and for years steadily advocated this reform, even at a time when it was received with little favor by the majority of the bankers of the country.

As fundamental to the most efficient functioning of our banking system, it has been maintained that the banks should not only be carefully managed, but that they should have an adequate capital in proportion to their liabilities to the public and that their reserves should consist of gold in a proper ratio to their deposits and other debts.

It is only a deserved acknowledge-

ment of the faithfulness and ability of the first editor of *THE BANKERS MAGAZINE* to say that during the first quarter of a century of the publication's existence it was conducted with remarkable care and ability. The numbers for these years contain a minute record of practically every phase of banking and economics, not only so far as relates to this country, but to the leading countries of the world.

THE INDEPENDENT TREASURY

At the time *THE BANKERS MAGAZINE* was established, in July 1846, the question of re-establishing the sub-Treasury system was then attracting public attention. In the very first number of the publication appeared an article on the Constitutional Treasury System favoring that measure. In replying to this article *THE BANKERS MAGAZINE* editorially said:

That scheme (the sub-Treasury) we consider utterly impracticable and indefensible; but, at the same time, our pages are open for the reception of any communications from the friends of the measure. It is possible that Congress may pass such a law as contemplated by "A Constitutional," but it can not be in force for six consecutive months, nor will it be, in our opinion, strictly complied with for forty-eight hours.

This proved a bad prophecy for the law in question was passed on August 6, 1846 and was not repealed until so late as 1920. Indeed, it has been only in recent months that the country has witnessed the abolition of the sub-Treasury to the Federal Reserve banks.

The opinion of *THE BANKERS MAGAZINE* in regard to the inadvisability of this system was steadily maintained. Speaking of the matter in the July, 1847 issue, it was said:

Of all financial blunders ever enacted by our Government, this has proved most injurious to every common interest of the people, and has been attended by the fewest compensating influences. It was the beginning of the sequestration of the most valuable part of our circulating medium, which has grown into a stubborn system of hoarding, and, which now constitutes the most insurmountable obstacle to scientific financial organization.

The subsequent changes in editorial direction did not alter the views of the *MAGAZINE* in respect to this manner of locking up the Government's surplus funds. For years the commercial and financial interests of the country had suffered by such a withdrawal of large amounts of money from circulation and the ill effects of this policy were attempted to be corrected from time to time by the act of the secretary of the Treasury in making deposits of public funds in certain designated public depositories. It was found in practice that the objections which *THE BANKERS MAGAZINE* urged at the outset of this system were well founded, for the effect of alternately withdrawing and pouring out large amounts of Government funds was such as to subject the money market to sudden and violent alterations. It was urged upon the Government that the true policy in handling the revenues should be to receive and disburse them in the same manner as is done by ordinary business concerns. In substance, this is the practice which has now been adopted.

BANK NOTES AND OTHER BANK CREDITS

Some of the essentials of sound banking were most admirably stated in this first issue of the publication. For instance, on page twenty-four of the number for July, 1846, appears the following statement from a pamphlet published in 1841 by Nathan Appleton of Boston:

Bank notes are promises to pay on demand a given quantity of coin; they are promises to pay *money*, but they are not *money* in themselves. This is an important distinction, and the not making it is the source of most of the popular errors on the subject of currency.

Bank credits, commonly called deposits, are of precisely the same general character as bank notes; they arise from the deposits of coin or bank notes, from the collection of individual notes, or from bills of exchange, or from discounts made by the bank for the parties to whose credit they are placed. However originating, the bank admits them to be a debt payable in gold and silver on demand.

They remain to the credit of the party owning them, because a bank credit, like

a bank note possessing the power of commanding the coin at any moment, is preferable to the possession of it in specie. Bank notes and bank credit are convertible into each other at the pleasure of the possessor. They are essentially the same.

A STERN RULE OF BANKING

This same writer in the pamphlet referred to expressed a maxim in regard to banking which for many years was carried on the outside page of *THE BANKERS MAGAZINE*, and it was as follows:

No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation.

Very early in its history *THE BANKERS MAGAZINE* took strong ground against debt repudiation. It is interesting to recall that in 1849 a strong communication on this subject was published from the pen of Jefferson Davis, then a Senator from the State of Mississippi.

AN EARLY PLEA FOR PEACE

In the issue for April, appeared a very strong plea for peace among the nations of the world, put forth by Rev. W. J. Fox of England.

In the first volume the position was taken that the interests of the two countries demanded amicable relations between Great Britain and the United States—a position which, it may be remarked, has been held ever since that time and has been made the subject of several editorials in quite recent years.

Naturally, *THE BANKERS MAGAZINE* became the vehicle for the presentation of suggestions for improving the currency of the country and in the December, 1849, number appeared a comprehensive plan for a national currency.

CHARLES DICKENS A CONTRIBUTOR

Among the writers represented in volume five appears the name of Charles Dickens, who wrote on "The Old Lady in Threadneedle Street,"

"The History of the Bank of England Note," and "The First Bank Note Forgery." The article on the Bank of England Note was taken from "Household Words," with which Mr. Dickens was at that time associated in an editorial capacity.

A very simple truth in regard to banking, but which, unfortunately, has not been followed in our banking legislation, was presented in the August, 1851, number in the following concise manner:

"Restrictions upon bankers are taxes upon the public."

THE CIVIL WAR EPOCH

About this time the Civil War broke out in the United States, and the question of providing an adequate currency became one of pressing importance. In February, 1862, *THE BANKERS MAGAZINE* made a strong plea for a gold-note currency to be issued against a pledge of United States bonds, and during the war favored Government currency to replace state bank notes, but at the same time expressed the hope of an early return to specie payments on the part of the Government and the banks.

It will be interesting to note in connection with the banking and currency developments of the Civil War epoch that in a letter to Morris Ketchum of New York under date of May 12, 1863, Hugh McCulloch in explaining his reasons for accepting the position of Comptroller of the Currency said (referring to the National Banking Law) "It created a system which would gradually supersede, and as far as circulation is regarded ought to supersede, the existing banking of the United States."

While the prediction of Mr. McCulloch in regard to circulation has been sustained by events, that part of his opinion which referred to the displacement of the state banks by the national banks altogether has not been verified by the course of events.

Copious extracts from the first annual report of Mr. McCulloch as Comptroller of the Currency were presented in the issue for February, 1864.

This report remains to this day one of the best ever issued from the Comptroller's bureau and is especially valuable for the sound banking principles which it laid down.

HOSTILITY TO NATIONAL BANKS

While the National Banking System has not become universally popular, there was at its inception very much hostility toward it, which is well illustrated by the report of the majority of the Committee on Banks to the New York Legislature, made on April 1, 1864, and published in *THE BANKERS MAGAZINE* for June of that year, as follows:

The institutions of the states, created by and amendable to no other authority, are discharged from their obligations to the power from which they derived their being, and as coolly transferred over to another jurisdiction as a pickpocket would empty the contents of a countryman's wallet into his own. Who will maintain that a necessity exists at this time for increasing the banking capital of the country; or what the Legislature wants of the Government, in the transaction of its business, could not be as well supplied by the stable and tried banks of the states, as by the eleemosynary institutions hatched into existence by favors from the Treasury department and dependent upon special immunities for continued existence?

This report wound up with an adverse recommendation on a bill permitting state banks to become national banks.

The heavy payments required by the Government during the Civil War period demanded fresh sources of revenue, and the taxation controversies occupy a very large space in the pages of the *MAGAZINE* during this period.

Although realizing that unusual expedition in the issuance of currency was required on account of the war, *THE BANKERS MAGAZINE* strongly opposed large issues of Government paper.

When Mr. Chase resigned as Secretary of the Treasury, *THE BANKERS MAGAZINE* took occasion to criticize some of his policies, and especially his failure to provide adequate taxation at the outset of the war.

Notwithstanding the opposition of the New York banks to the National

Banking System, as referred to above, *THE BANKERS MAGAZINE* was prompt to see the advantages of the new system, and in March, 1868, prominently published a long article by George Walker on "The Advantages of the National Bank System Now in Force."

In the issue for April, 1876, an article from the pen of Sidney G. Fisher was published on "The Greenbacks in Court," in which the decision of the United States Supreme Court in *Hepburn vs. Griswold* was opposed.

FAMOUS LEGAL DECISIONS

Among the legal decisions appearing about this time was that of *McCulloch vs. Maryland* on the taxation of the Bank of the United States. This opinion was written by Chief Justice Marshall, and of course was a republication of that famous decision. The decisions in the legal tender case in 1871, namely, *Hepburn vs. Griswold* and *Knox vs. Lee*, were also published, and the dissenting opinions of Chief Justice Chase and of Justices Clifford and Field, were also given.

"THE CRIME OF 1873"

A financial measure which became quite famous in the history of the country was published in the issue for June, 1873. This was the Coinage Act of that year, which later came to be known as "The Crime of 1873."

Along about 1874 the discussion of means of resuming specie payment was given prominence, and one of the notable documents contained in the volume for that year was the message of President Grant vetoing the bill for increasing the paper currency. Much interesting information was also presented regarding the panic of 1873. *THE BANKERS MAGAZINE* at this time strongly insisted on adequate banking reserves and that the loans of the bank be limited in proportion to their capital.

AGRICULTURAL CREDITS FAVORED

As early as January, 1873, *THE BANKERS MAGAZINE* came out strongly

in favor of a system of agricultural credits, and it has always maintained that the financial and banking needs of the farmers were a matter that should receive the careful attention of the Government.

Throughout the year 1876 the silver question was prominently discussed in the *MAGAZINE's* pages and also the resumption of specie payments.

THE BANK NOTE QUESTION

About 1882 the bank-note question began to assume prominence in the editorial comment and contributed articles.

Perhaps the most effective work ever done by *THE BANKERS MAGAZINE* was accomplished through its persistency in demanding a reformation of our banking system. The editor of *THE BANKERS MAGAZINE* was credited by Mr. Vreeland, chairman of the Bank and Currency Committee of the House, with having done more than any other man in the country to prepare the way for currency reform.

THE SILVER CONTROVERSY

The silver controversy was reflected in the discussions appearing throughout the years 1895 and 1896. In the latter year this controversy became an issue in the Presidential campaign and the position steadfastly adhered to by *THE BANKERS MAGAZINE* in favor of the preservation of the gold standard and against the free and unlimited coinage of silver was sustained by the popular vote.

BANKERS' BANK OF REDISCOUNT

As far back as September, 1895, *THE BANKERS MAGAZINE* put forth a plan for a bankers' bank which should have the privilege of emitting circulating notes in exchange for commercial paper. This institution, in principle, was much the same as that embodied in present Federal Reserve banks and was intended to be a bankers' rediscount bank.

INELASTIC BANK RESERVE

Realizing the inflationary possibilities in the character of the money available as banking reserves, it was pointed out in the issue for September 1903, page 290, that there was in circulation over five million dollars of full legal tender silver, then worth less than half its face value and an additional volume of three hundred and forty-six million of Government legal tender which could be used as reserves by the national banks, and that the outstanding issue of national bank needs, then amounting to over four hundred million dollars, could also be used as reserves by the state banking institutions. In regard to the character of the banking reserves it was declared:

It will be essential, before a safe bank-credit currency can be had, not only to broaden the foundation, but to determine whether we are to build upon the rock of gold or the shifting sands of silver and Government paper.

Reverting to this subject again in the issue for April, 1906, in an article on "Inelastic Bank Reserves," it was pointed out that the silver, legal tenders and national bank notes constituted about fifty per cent. of the value of currency in circulation at that time and that the only elastic elements in the reserves was the gold, which then amounted to something over \$1,400,000. The belief was expressed then that much of our banking and currency difficulties arose from this inelasticity in the bank reserves.

ASSET CURRENCY FAVORED

About 1905 *THE BANKERS MAGAZINE* began strongly to advocate an asset currency, and pointed out that our issue of circulating medium was limited by the supply of United States bonds. In the issue for April, 1906, a comprehensive article on "Coin and Commercial Paper as Foundations for a Bank-Note Currency" was published, the author being William B. Greene, a former chief of division in the bureau of the comptroller of the currency and

for a number of years on the editorial staff of the MAGAZINE.

REARRANGEMENT OF OUR BANKING SYSTEM

It was at about this time that the question of a more thorough governmental control of great business enterprises became prominent before the public. From the beginning of this movement, THE BANKERS MAGAZINE advocated such a policy as would tend to correct the practices which had become subjects of popular complaint, and in the issue for April, 1907, its views on this subject were set forth at some length.

The inadaptability of the American banking system to meet the expanding requirements of the country's commerce was clearly perceived, and in the issue for August, 1907, the rearrangement of our banking system was proposed, to include the following classes of institutions:

1. A bank of issue.
2. International banks or finance companies.
3. Railway banks.
4. Agricultural banks.
5. Industrial banks.
6. Marine banks.
7. Commercial banks.
8. Trust companies.
9. Savings banks.

While the three classes of banks last named were already in existence at that time, the other classes of institutions had not then been established. It is interesting to note that since the date mentioned we have established in the Federal Reserve banks a bank of issue; that we have already provided for organizing international banks and finance companies, some of which are now in operation; that we have a system of agricultural banks, and that there have recently been proposals for establishing a marine bank and trust company. No doubt in time the need of industrial and railway banks may also be seen.

In this article referring to the need of agricultural banks, it was said:

Agricultural banks could legally do what many other banks are doing illegally. They could loan money on real estate. Furthermore, by careful study of the conditions governing production and marketing of the crops, they might act as auxiliaries to the commercial banks and greatly promote the agricultural prosperity of the country.

THE BANKERS MAGAZINE has always kept a sympathetic attitude toward every well-directed movement for bettering the condition of American farmers.

It is a source of no small satisfaction that the position taken by THE BANKERS MAGAZINE in regard to agricultural banks so long ago as 1907, and in fact before that time, has been justified by the inauguration of the Federal Land Bank System.

REFORMATION OF THE BANKING SYSTEM

During the year 1908 the discussion of a reformation of the banking system of the country assumed a much more acute phase than had been the case prior to that time, and proposals were put forth in high financial circles for the organization of a central bank, modeled somewhat along the lines of the first and second Banks of the United States. In the January issue of THE BANKERS MAGAZINE for 1908 the central bank plan was opposed on the ground that our history had shown that such an institution had been twice tried and had been discarded. It was recognized at the same time that but for the apparent prejudice against a strong central bank, such an institution had much in its favor.

Some of the bank reforms which THE BANKERS MAGAZINE had steadily advocated were thus stated in the March, 1908, issue:

1. Retirement of the greenbacks.
2. Substitution of coin and commercial paper for bonds as the security for bank circulation.
3. The use of common-sense methods in handling the receipts and disbursements of the Government.

In other words, that the Treasury should use the banks just as business men do.

Inadaptability of bond secured circulation to business needs was pointed out in some detail in an address of the editor before the Boston Boot and Shoe Club, which was published in the issue for March, 1908.

In its editorial comment the MAGAZINE had proposed that future issues of Government bonds be deprived of the circulation privileges, and this suggestion was later embodied into law.

The panic of 1907 had demonstrated the need of banking legislation of some kind, and to meet this need an emergency currency bill, which came to be known as the Aldrich-Vreeland Bill, was proposed in 1908. This was strongly denounced by THE BANKERS MAGAZINE as failing to meet the demand of the country for a thorough-going revision of the banking system.

INTERNATIONAL AMERICAN BANK PROPOSED

In the November, 1908, number a proposal was made for the organization of an International American bank with a capital of one hundred million dollars.

POSTAL SAVINGS BANKS

The proposed establishment of Postal Savings Banks was not favored, because it was felt that the existing banking institutions offered a safe place of deposit for savings. The Postal Savings Bank plan was regarded as having been made chiefly in the interest of the foreign element in the population who were not aware of the advantages of existing banks. It was declared in the MAGAZINE that the proper remedy would be the education of the foreign residents rather than the creation of a new banking system especially to meet their supposed requirements.

It was also felt that some injustice was being done by taking the deposits from the foreign element of our population at a rate of two per cent. when sound savings banks were offering a rate of four per cent.

In the August, 1909, issue the editor made a proposal for a central system of banking which could have been organized by the existing banks.

OPPOSITION TO A CENTRAL BANK

When the Aldrich proposal for a central bank came up in 1909, THE BANKERS MAGAZINE was constrained to oppose it on grounds already stated. The National Reserve Association plan, brought forth in 1911, was also not favored for the same reasons. This measure was reviewed at length in the issue for February, 1912.

For many years THE BANKERS MAGAZINE has strongly insisted on the maintenance of adequate gold reserves in the vaults of all banks of discount and deposit and that there should be actual daily gold redemption of both bank credits and bank notes.

The proposals referred to above for the better adaptation of the banking system to the commercial needs of the country were repeated in the February, 1913, issue, when the following suggestions were made:

1. Some kind of centralized banking institutions.
2. Railway, industrial and financial banks.
3. International banks.
4. Mortgage banks.
5. People's cooperative banks.

The March, 1913, number of THE BANKERS MAGAZINE was largely devoted to a historical sketch of the National Banking System on the occasion of the fiftieth anniversary of the system's inauguration.

THE FEDERAL RESERVE ACT

We now come down to what may justly be considered as one of the most momentous epochs in the banking history of the United States. Reference is made to the enactment of the law of December 23, 1913, known as the Federal Reserve Act. While this bill was being debated in the Senate and the House of Representatives, THE BANKERS MAGAZINE pointed out some of its most obvious defects and had the satisfaction of seeing a number of these

corrected before the bill was finally approved by the President. No sooner had the Act been passed, however, than a fair trial was demanded for it. This article appeared in the issue of November, 1913.

Realizing that there were many valid arguments in favor of a greater unification of our banking system, the methods by which this might be brought about were explained in the January, 1915, issue. In this article it was pointed out that in all probability attacks would be made on the Federal Reserve System by non-member banks. This position has been verified by recent banking history.

THE WAR IN EUROPE

When the war broke out in Europe, in the summer of 1914, *THE BANKERS MAGAZINE* came out strongly in favor of supporting the financial and economic policies of the Government. At this time the banking system of the country was put to a severe test, and a large volume of emergency notes was issued under what was popularly styled "The Aldrich-Vreeland section of the Federal Reserve Law." While recognizing the utility of this measure in providing currency to meet a breakdown of credit such as took place at the beginning of the war, *THE BANKERS MAGAZINE* denied its efficacy in providing such a currency as would meet the legitimate demands of commerce, and which would tend to check the speculation which engenders panics.

For many years *THE BANKERS MAGAZINE* had contended that the extension of the use of bank checks as far as possible would be of great benefit to the commercial interests of the country, and that the resulting profit to the banks would be much greater than that derived by exchange charges on checks, which tended to limit their usefulness to the immediate locality of the bank against which the checks were drawn. While this view has been opposed by many state banks, it has been adopted as the guiding principle by the Federal Reserve System and has gradually been put into effect.

NATIONAL PREPAREDNESS URGED

In the October, 1915, issue and in previous numbers, *THE BANKERS MAGAZINE* had intimated that the United States was almost certain to be involved in the world war, and in the November, 1915, issue made the following argument in favor of preparedness:

As Americans we must immediately recognize the necessity laid upon our Government and people of putting this country in a position of adequate national defense. Above all, we must revive that spirit which will quickly make it manifest to the world that while we mean to wage no aggressive war and earnestly hope to live on a basis of mutual justice and concord with other nations, we will, if need be, put forth every possible energy and spare no expenditure of blood or of money in defense of the principles and the institutions to which our forefathers pledged their lives, their fortunes and their sacred honor.

AMERICAN BANKS FOR FOREIGN SERVICE

In the November, 1913, issue an American bank for foreign service was proposed. In making this suggestion it was said:

An American bank going into a foreign field should have a very large capital, and if it should be broadly representative of all sections and all interests—and both these elements seem highly desirable—how should such a bank be formed?

Why not give to all the banks of the country, to all manufacturers, exporters, merchants, farmers and all others the opportunity of subscribing for the capital stock?

RENEWAL OF SUGGESTIONS FOR AN INTERNATIONAL BANK

An International American Bank had been proposed in an address delivered by the editor of *THE BANKERS MAGAZINE* before the Pan-American Commercial Conference at Washington on February 17, 1911, and published in the *MAGAZINE* in April of that year, page 518.

The capital of this institution was to be one hundred million dollars and it was proposed that the bank should have its head office in New York with branches in Chicago, St. Louis, New Orleans, San Francisco and other great

commercial centers of the world. In making this proposal it was said:

As the importance of the United States as an exporter of manufactured products grows each year and the competition becomes keener, the need of an institution like that herein suggested will become more and more apparent. It is wise to discuss this question now. It would be wiser, perhaps, to stop discussion and to begin to take action.

This action was not taken until nearly nine years afterwards, when the Edge Law was passed, which authorized a bank for this purpose, though slightly differing in character from that proposed by the editor of THE BANKERS MAGAZINE.

FOREIGN BRANCHES OF NATIONAL BANKS

In this same address it was suggested that the national banks of the United States be given authority to establish foreign branches, the language used in making this proposal being as follows:

I can see no good reason why our national banks of very large capital might not be permitted, under proper regulations, to have branches in the chief cities of Latin America and in other foreign countries.

This suggestion was embodied in the Federal Reserve Act of 1918.

RECIPROCAL POLICY TOWARD BRANCHES OF FOREIGN BANKS

In this address a policy of reciprocity in banking was advocated. It was pointed out that the laws of several of our states throw very close restrictions around the branches of foreign banks, and the opinion was expressed that unless these restrictions were relaxed foreign countries into which our banks desired to enter were likely to impose similar restrictions against the branches of American banks. The correctness of this view has been demonstrated by the action taken by several different countries in limiting the activities of branches of American banks established within their borders.

POSITION WITH REGARD TO THE EUROPEAN WAR

It has already been stated that THE BANKERS MAGAZINE, shortly after the outbreak of the European war, recognized the probability that the United States would be drawn into the conflict. It chafed considerably under the delay of the President and Congress in taking action looking to the vindication of American rights. This feeling was deeply intensified after the sinking of the steamer *Lusitania*, in which over 100 American lives were lost. In its endeavors to spur the Government to take such action as would protect the rights of this country, it was said in the issue for January, 1916:

The man without a country is indeed a pitiful and contemptible figure, but the country without men would be beneath either pity or contempt. Let Americans at the beginning of the year 1916 in congratulating themselves over their exemptions from war's ravages searchingly inquire whether the country has lost any of that spirit which once made it the hope and the refuge of the earth's oppressed.

When Congress declared war against Germany THE BANKERS MAGAZINE took the most decided stand possible in supporting the Government, and devoted the entire editorial comment in the April, 1917, number to that end.

OUR POLICY TOWARD RUSSIA

It was early foreseen that serious complications might arise from the situation in Russia, and in the June, 1918, issue a leading editorial was published under the title of "Look to the East." In this article it was urged that the allied nations should promptly extend adequate military aid to Russia. The views expressed in this article were brought to the attention of a number of members of Congress and of some of those who were members of the of the President's cabinet, and the position therein taken was generally admitted to be the correct one. In view of what has happened in Russia since then, it may not lack interest to speculate as to how much more quickly the

European situation would have been adjusted had the suggestions made in this article been carried into effect.

HOLDING GERMANY TO ACCOUNT

After the signing of the armistice **THE BANKERS MAGAZINE** protested strongly against any treaty that would permit Germany again to repeat its offenses against civilization. These views were expressed in the issue for August, 1918:

Unless the civilized world wishes to be twice stung by the same serpent, the German people, at the close of this war, will be forever rendered incapable of again plunging the nations of the world into a maelstrom of blood.

And in the October, 1918, issue it was said:

Germany has been weighed in the balances and found wanting, and must go the way of other nations similarly tried and found not to measure up to the standards of civilization.

KEEPING THE ALLIED NATIONS TOGETHER

After the war closed and the vexatious problems of peace began to occupy the attention of the world's statesmen, **THE BANKERS MAGAZINE** continuously advocated a policy that would preserve the identity of interest between the allied nations which prevailed during the war. In the November, 1918, issue it was said:

It is of the utmost importance that the harmonious relations which have prevailed among the Allies thus far shall be maintained and strengthened.

Subsequent events have failed to modify this belief in the least. On the contrary, it appears now that the future peace of the world and the solution of many of the vexatious problems which confront the various nations largely depend upon this preservation of cooperation between the nations that were allied during the progress of the war.

THE LEAGUE OF NATIONS

The proposal for a League of Nations as a part of the Peace Treaty was not favored by **THE BANKERS MAGAZINE**, which contended that it was

the first duty of the allied nations to settle the peace terms with Germany and that the matter of forming a League of Nations should be held in abeyance until the passions engendered by the war had subsided.

In the April, 1919, issue it was shown that the scheme for a League of Nations had originated, at least in its primary form, over 2,000 years ago in China and that a Chinese scholar had worked out in detail a proposal for an organization of this character some thirty years ago.

ENLARGING THE POWERS OF NATIONAL BANKS

The growing competition of trust companies with national banks and the state banks of deposit and discount caused **THE BANKERS MAGAZINE** to believe that it was a desirable development of American banking to provide for the formation of institutions combining the functions of a trust company with an ordinary commercial bank. A proposal of this character was made in the issue for February, 1905, and it was later suggested that the national banks might also be endowed with trust company privileges and to do a savings bank business as well. The suggestions made in this respect were subsequently carried out in the banking laws of several of the states and were also incorporated in the Federal Reserve Act.

A BANKING BILL

In the November, 1918, issue a banking and currency bill was presented, drawn by the editor of **THE BANKERS MAGAZINE** on request of a member of the House of Representatives. This bill was very simple in character, some of its provisions being as follows:

That every national bank should select a convenient commercial center in its neighborhood as a point where its check or other demand credit obligations should be redeemed at par through the clearing-house located at such commercial center.

All clearing-houses of which national

banks were to be members were required to be placed under the general supervision of the Comptroller of the Currency and the constitution, by-laws and rules and regulations of such clearing-houses were made subject to the Comptroller's approval. This official was required to appoint for each clearing-house of which any national bank was a member, a competent examiner to see that the clearing-house regulations were observed.

Each clearing-house was to appoint capable examiners to examine each member bank under rules to be prescribed by the clearing-house subject to the approval of the Comptroller of the Currency.

The members of such clearing-houses were authorized to issue their circulating notes to the extent of their paid-up and unimpaired capital. They were not to pay out the notes of other banks, but were to send them daily to the clearing-house for redemption. It was required that the notes should also be redeemed in gold on presentation at the counters of the issuing banks.

All banks issuing currency not secured by United States bonds were required to have on hand at all times in their own vaults a reserve of thirty-three and one-third per cent. in gold against the notes issued.

In addition to the central reserve cities then existing, San Francisco and New Orleans were created central reserve cities and Buffalo was made a reserve city.

Some of the other provisions of this Act were as follows:

National banks in central reserve cities desiring to act as reserve agents for other national banks shall have a paid-in capital of not less than \$5,000,000. They shall keep on hand at all times in their own vaults a reserve of not less than thirty-three and one-third per cent. in gold, except that by a vote of two-thirds of the members of the clearing-house to which such banks may belong, the reserves may be allowed to fall to a point not below twenty per cent. for a period not to exceed in the aggregate four months in any one calendar year; provided, that the circulating notes of any bank not secured by United States bonds shall at all times be secured by a reserve of not less than thirty-three and one-third per

cent. in gold actually kept on hand by the bank issuing such notes.

National banks in reserve cities desiring to act as reserve agents for other national banks shall have a capital of not less than \$1,000,000. They shall keep on hand at all times in their own vaults a reserve of not less than twenty-five per cent., except that by a vote of two-thirds of the members of the clearing-house to which such banks may belong, the reserves may be allowed to fall to a point not below fifteen per cent. for a period not to exceed in the aggregate four months in any one calendar year; provided, that the circulating notes of any bank not secured by United States bonds shall at all times be secured by a reserve of not less than thirty-three and one-third per cent. in gold actually kept in hand by the bank issuing such notes.

All notes issued under the terms of this act shall be engraved and paid for in the manner provided for the engraving and issuing of national bank notes, except that such notes when engraved and printed shall be sent to the clearing-house of which the issuing bank is a member to be delivered to the bank entitled to the notes under the terms of this act.

The Secretary of the Treasury shall deposit the surplus funds belonging to the Treasury, above such working balance as he may deem it prudent to retain, with the clearing-house organized under this act, the funds to be distributed by the clearing-house to member banks in proportion to their paid-in capital.

A tax of — per cent. per annum shall be levied on all bank members of any clearing-house, the fund so derived to be held as a safety fund for the payment of the circulating notes of said banks. The clearing-house shall be entitled to a first lien upon the assets of any failed bank, including the double liability of shareholders to reimburse it for any payment made on account of the redemption of notes of any bank that may become insolvent.

No bank member of any clearing-house referred to in this act shall create obligations or liabilities to the public to an extent greater than eight times its capital.

Gold certificates shall be a legal tender for all debts public and private except when tendered by the United States.

All United States notes when redeemed by the Treasury of the United States shall not be reissued except in exchange for a like amount of gold and when so reissued such notes shall be changed into the exact form of the present gold certificates and shall possess the same legal qualities.

The silver dollars now in the Treasury shall, as the necessities of business require, be coined into subsidiary coin; and the silver certificates, at the option of the holder, shall be redeemable in such subsidiary coin or in gold; and when so redeemed, they shall not be reissued.

All clearing-houses of which national banks may be members shall, within twelve months after the passage of this act, form themselves into a national clearing-house association for the general protection of banking and credit in the United States; the constitution, rules and regulations of such national clearing-house association to be subject to the approval of the Comptroller of the Currency.

While it was not requested that this measure should be introduced in the House, it is believed that it contained several important principles whose adoption would more nearly have conformed to the actual development of American banking than do many of the provisions of the Federal Reserve Act.

It was the aim of these suggestions to advance the idea that the banking legislation of the country ought to follow the lines of natural banking development.

It will be observed that several of the principles of this bill were incorporated in the Federal Reserve Act and that by the Act of December 24, 1919, gold certificates were made legal tender, as suggested in section 12 of the bill mentioned.

PRACTICAL BANKING

Throughout its long career THE BANKERS MAGAZINE has repeatedly shown its concern for the daily work of the banks by publishing articles on every phase of practical banking. Some of these papers have been published serially, forming the basis for books on the subjects under consideration, some of these treatises passing into the standard literature of banking.

BANKING AND LEGAL DECISION

The digest of banking laws and decisions has constituted a leading feature of the publication from the outset, the whole constituting an authentic and valuable record of the laws relating to banking and its commercial paper.

BANKING EDUCATION

Very early in its history THE BANKERS MAGAZINE gave full recognition to the desirability of a better education of the bank clerks of the country and published a number of articles on this subject some years prior to the establishment of the American Institute of Banking, which represented an organized effort to secure a better education of the bank clerks of the country in the principles and practices of banking.

BANKING PUBLICITY

In hardly any other branch of banking has there been such a marked change as that which has taken place in regard to bank advertising. Not only has there been a great increase in the disposition of banks to use this instrumentality of developing their business, but the methods of its employment have greatly changed. Recognition of the importance of advertising as a means of increasing the business of banks and of extending a knowledge of their usefulness to the community was given several years ago by the establishment of a department devoted to banking publicity, which has been regularly maintained and has become one of the most interesting and valued departments of the publication.



The Cross-Roads of Advertising

By M. E. Holderness

Vice-President First National Bank, St. Louis

DID you ever come to the crossing of the roads, and wonder which path to take? If you were a country-bred boy, the answer is yes; and many times you have turned to the left and traveled far out of your way until strange scenes turned your face backwards and you retraced your way to the crossing of the roads again. Equally as many times you have turned to the right when you should have turned to the left, and equally as many times you have stopped at the cross-roads, to wonder which road was the main highway.

To write a standard article on the subject, the fashionable course would be to recite categorically the history of bank advertising, tell how young it is, and how long the time was before banks discovered that they were actually selling service, and that the promotion of their business was subject to the same thrills that any other merchandising idea enjoys. Such an article, to be standard, would have to be interspersed with many threadbare phrases, such as "reader attention," "reader confidence," "live prospects," "follow-up," "position," "type-faces," etc. Therefore, this treatment is going to be neither fashionable nor standard, because it is going to discuss the homely subject of "cross-roads" in bank advertising.

INCEPTION AND OBJECT OF BANK ADVERTISING

The great highway for every banker-advertiser begins at Vision and leads ultimately to Achievement. There are many cross-roads leading to Delay, Waste, Discouragement, Disgust and Failure, but successful advertisers hold to the highway, and steadfastly refuse to follow the hazardous directions given by loiterers along the way, and we will call these gratuitous counsellors Experiment, Ignorance, or Something-to-Sell.

Under a purely arbitrary estimate there are approximately five hundred banks in this country today advertising judiciously, economically and efficiently. The work many of these banks are doing is of a high order, and upon a competitive basis ranks with the prize-winners in a world-wide free-for-all advertising contest. A great majority of these successful banker-advertisers are by the very nature of things located in the centers of population, but there are shining exceptions in a number of small-town bankers whose work and results make them stand out as past-masters in the art of group salesmanship. Financial advertising is going to progress as it has progressed regardless of promiscuous observations on the subject, but the fact still remains that too many banks are stumbling along and getting nowhere with their advertising because they are forever haunted by cross-roads uncertainties.

A bank will set out to do no bigger thing than its vision contemplates. One bank may see its future as a dominant force in its community, or in its trade territory, or in the nation; another may see its future as an empire-builder or an institutional force in its part of the world; another sees its future as a producer of large dividends for its stockholders, and beyond this point many banks do not see. No one should presume to fix the ambition of banks or bankers; that is an organizational and personal responsibility. However, it is quite within the province of experience and observation to say that a complete and continuous program ought to be laid down and religiously adhered to, whatever the goal may be.

Some bankers decide to advertise for three months, on the understanding that if the results are satisfactory they will continue. Such a course is abundantly foolish, and yet not much more so than that of the banker who decides to ad-

vertise for a year on the understanding that if it pays big, he will embark upon a second year. It has been notable that most of those who experiment on this basis do not even give advertising a fair chance by laying out a logical and continuous program for the trial-period, but rather they depend upon promiscuous methods, or hit and miss tactics, a course they would not follow in any other human undertaking.

Some bankers try circular letters a while, and then suspend. Then they try mile-post advertising for a while, and suspend. Then they try the movies for a while, and suspend. Then they go to the newspapers, and finally they give them up. They jump around from pillar to post, trying to find the magic method, never thinking that advertising, like salesmanship, is a composite process, and that in so far as bank advertising is concerned ninety-nine per cent. of the media and methods are only supplementary, and that nothing more was ever claimed for them. A man will be reasonable with his car—he knows it requires water and oil as well as gasoline, but he expects his advertising to go on one cylinder.

HOW OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS AND DEPOSITORS CAN HELP

It is not usual to classify officers, directors, employees, shareholders and depositors as advertising media, and yet that is just what they are. It is not a doubtful statement to say that these persons, if loyal and properly inspired, will constitute the bank's very best advertising media, and certainly the least expensive.

An officer or director should advocate his bank wherever he goes. He can do this so adroitly as never to be offensive. An employee is a better employee if he is sufficiently interested in his bank to want to make it the bank of the other fellow. Shareholders who sit back and wait for their regular dividends and never try to extend the bank's patronage are cheating themselves and their heirs in failing to make two blades of

grass grow where one grew before. The depositors of a bank, if they are happy in their banking relationships are real, living, moving, acting advertising media, and if they are made to understand that carrying the gospel of good service is one of the qualifications of bank membership, there is no source of new business comparable to them. All of this, then, is one form of advertising that any bank may use with continuity and persistence, but even here, spasmodic effort, with indifference and lapse of interest, will make the banker feel he has again taken the wrong end of the road.

MAKING USE OF PERIODICALS

Periodicals, particularly the newspaper and the magazine give the banker his next best bet as to media, as no doubt every record that has been kept on sources of new business would confirm, and yet there is no channel where the waste effort is greater. The newspaper or the magazine is not the place to strive for dramatic effect, or to make a show of learning, or to display mental agility by broad jumps from a fourteenth century illustration to a 1921 context. If the periodical be worthy, its editorial columns carry prestige, its news columns carry confidence, and its display columns carry faith. Therefore, the display advertisement should be just as newsy as the news item, just as inspiring as the editorial, and just as readable as any other part of the paper. The salesman who affects spats, tortoise shell glasses, and an English accent may succeed because his article may sell itself, but by and large pompousness and affectation are not likely to get very far with the average man, and let us not forget that throughout our advertising we are always dealing with the average man. By the same token, the newspaper or magazine advertisement that talks and does not flirt, that tells its story so naturally and simply, and that makes its appeal just as nearly human as possible—that is the advertisement that goes over. The bank advertisers cannot go wrong in choosing this medium because it reaches the

greatest number of prospects the greatest number of times, but he must tell his story in an interesting way, and continue to tell it.

Somewhere between that zone in which dwell those who will respond only to personal solicitation, and that larger zone where the many respond to the printed word, there is a fertile field that can be reached by a method that partially combines the virtues of the other two, and we call this method the Direct-by-Mail. Through this method the bank can add the touch of its personality to both its written and illustrated message, and with carefully selected and currently revised mailing lists there is very little waste. Perhaps in no other method of bank advertising has there been more marked improvement. Banks have learned how to write letters with their hearts as well as their hands. Frozen phrases are fast passing from use and men are finding they can write just as they talk. Folders, circulars, booklets and brochures are today speeding on the wings of the U. S. Postal Service to hundreds of thousands, teaching them in friendly lessons that the bank is a human institution, a builder of credit, a systematizer of man's affairs, an inspiration to thrift, a safeguard of material wealth, a great constructive force, working with capital and labor, supplementing nature's gifts with man's effort in the great world work of making the things about us more useful and more beautiful.

There are many other methods and media that may be used in practical and effective bank advertising. It has not been the purpose of this article to catalogue completely these methods and media. Such an undertaking has been left to the Financial Advertisers' Association, that splendid organization that has within the last five years elevated bank advertising above the level of things mediocre, and made of it a

powerful force in building great business, and then protecting it.

IMPORTANCE OF THE MESSAGE

An authority who would attempt to make an exact estimate as to the comparative importance between medium and message has a temerity not generally possessed. The best medium that ever took ink or paint cannot put over a *toothless* message, and the best message that was ever inspired is useless without a good medium. In bank advertising the message must not only be strong and compelling, but it must be attractively dressed, and what is more, it must have its dress changed frequently to please the fancy of the reader in his habitual craving for fresh things and new things. A last year's bird-nest is the most lifeless and useless thing imaginable, and it illustrates pretty well the ideas of many so-called banker-advertisers that let old copy stand issue after issue, and who are forever repeating ads they have long nursed as pets, or else who are content to run ads that have been so generally used by the banks as to be as common as the cattle-tracks on the range.

This discussion was prompted by a dangerous symptom becoming more and more apparent in the evolution of this fine science, disclosing a marked tendency on the part of many advertisers to lose sight of the soul-features of their work in an overleaping ambition to develop theories, with the result that much that passes today for bank advertising becomes so studied, so stilted, and so far fetched that it loses all its gracefulness and winsome attractiveness.

Bank advertisements that talk as you talk, more truly represent your bank. Breathe into your written or printed page that friendly frankness and frank friendliness that characterizes your personal work and you have done the big thing in bank advertising.



Trend of Banking and Financial Legislation in the Past Three Quarters of a Century

By Elmer H. Youngman

AT the time of the establishment of THE BANKERS MAGAZINE in 1846, the relations between the Government and the banks of the United States were anything but satisfactory. The second Bank of the United States had finally gone out of business in 1841, and some years prior to this the public funds had been withdrawn from the bank and deposited in certain of the state banks.

In July, 1840, the Independent Treasury System was established, but this act was repealed in the following year and was not re-enacted until August 6, 1846. From this time until the enactment of the National Currency Act in 1863, the public funds were handed through this instrumentality. Only within the last year has it been finally discarded.

With the expiration of the Bank of the United States there was no central institution in the country that had the privilege of issuing notes and exercising some control over the circulation and credit of the banks of the country. From this time on until the establishment of the National Banking System the bank circulation was issued entirely by the existing State banks. While altogether trustworthy statistics in regard to these institutions are not available, it appears that their number in 1846 was about 707, their capital \$196,894,309, their individual deposits \$91,792,533, their circulation \$105,519,766, their specie \$35,132,516.

Both the first and second Banks of the United States had fallen before the political prejudice against banks, which has been a marked characteristic of our entire history. It was not until the pressure of circumstances brought about by the Civil War that public opinion came to sanction the creation of another Federal banking system to take the

place of these institutions; but even under the great pressure of this necessity, a central bank was not re-established but a system of independent banks was set up under Federal authority. The National Banking System, as originally established in 1863, continued to exist without very great changes in its methods of organization and operation until the year 1913, when the Federal Reserve Law was passed.

The three principal features embodied in this act were calculated to correct the weaknesses which experience had developed in the National Banking System. These defects related to the lack of proper handling of the banking reserves and to the methods of issuing bank circulation. In addition, it was found that the banking powers enjoyed by the trust companies were threatening to encroach on the development of the National Banking System, and for this reason it was deemed necessary to extend trust company powers to the national banks and also to give legal sanction to the savings departments which many of these institutions had already developed.

The bonds issued during the war had been made a basis of a bank circulation for two reasons: first, to help in providing the market for the large volume of bonds which the exigencies of the war required to be issued, and in the second place to furnish the country with a safe and uniform circulating medium.

While both of these purposes were measurably attained by the National Banking Act, after the bonded debt had been largely paid off it was found that the first requirement referred to was no longer necessary. Experience also developed the fact that the bond-secured circulation was not well suited to the commercial demands of the

country. When the Federal Reserve Act was passed the principle of basing the circulation on the bonded debt of the country was rejected and coin and commercial paper as a basis of such circulation substituted.

Prior to the passage of the Federal Reserve Law, in the face of unusual demands for currency, each individual bank was in the habit of calling on its reserve agent for large amounts of cash to meet local demands. This brought about a sharp contraction of loans, followed by great commercial distress, often resulting in the suspension of a number of the banks. The Federal Reserve System enabled the better handling of the banking reserves, and by the creation of a rediscounting system made it possible for banks to replenish their individual reserves and to secure added currency against a pledge of their own commercial paper.

REGULATORY POWER OF THE FEDERAL RESERVE SYSTEM

It will be seen that the supervising authority over the banks which was exercised to a certain extent by the first and second banks of the United States did not exist after the liquidation of the second bank of the United States until the creation of the Federal Reserve Bank System in 1913.

The bureau of the Comptroller of the Currency, after the establishment of the National Banking System, did, of course, exercise a regulatory power over the national banks, but this went little beyond attempting to see to it that the National banks of the country observed the laws which Congress had enacted.

When the Federal Reserve System came into effect, a regulatory power over the National banks was again set up something like that which had been exercised by the first and second banks of the United States. During the life of both these institutions there existed side by side with them State banks which were doing a discount and deposit business, and many of them also had the privilege of issuing bank notes; but the central banks could exercise con-

siderable power of regulation over the State banks by seeing that their circulation was kept within prudent limits. It was the effort to bring about this result which engendered hostility toward the Federal institutions and finally resulted in their overthrow.

The Federal Reserve System restored this power of a central institution to regulate the affairs of other banks, and while the power of issuing notes was conferred on the Federal Reserve Banks, this privilege was still continued to the National banks which are members of the Federal Reserve System.

Compared with the time when the first and second Banks of the United States were in existence, the issue of circulation by individual banks has greatly diminished in importance. The leading function of a bank today consists in its deposit and discount business, and it is over this function of banking that the Federal Reserve System exercises a considerable degree of regulation.

The rules of rediscounting the commercial paper of the banks that are members of the Federal Reserve System are fixed either by the law itself, or by the regulations established by the Federal Reserve Board. Furthermore, the activities of the member banks are to some extent held in restraint by the rate of rediscount which the Federal Reserve Board establishes from time to time.

As considerable hostility toward the first and second Banks of the United States developed on account of the regulatory functions of these institutions, it is interesting to note that the attempts of the Federal Reserve Banks to insist on redemption of their checks at par has also provoked antagonism toward this latest centralization of banking functions. In the former case the antagonism grew out of an attempt to regulate the circulation of bank notes, while in the latter instance it arose from an attempt to enforce par redemptions of bank checks. In both cases the hostility toward Federal regulation of credit operations arose principally in the South.

EFFECT OF CHANGED CONDITIONS

While the earlier antagonism resulted in the downfall of both the first and second Banks of the United States, it does not follow by any means that the present opposition will have a like result. The great changes which have come about in industry, commerce and banking since the closing of the second Bank of the United States are such as greatly to alter the situation. The closer business relations brought about between different sections of the country through the development of means of communication has unified the country to an extent hardly dreamed of in the earlier days and made it desirable that bank checks as well as bank notes be given a wider and freer circulation. The importance which the bank note formerly enjoyed as an instrument of commerce is now held by the bank check.

DEVELOPMENT OF NATIONAL BANKS

The uniformity in methods of organization, supervision and operation which the National Bank Act brought about, was, in part, responsible for the great development of the National banks of the country which took place between 1863 and 1913. The increase in wealth, however, finally gave an advantage to the State institutions which enjoyed fiduciary powers, and it was found necessary to confer like privileges upon the National banks to prevent them from being outstripped by their State competitors.

EXTENSION OF AMERICAN BANKING FACILITIES ABROAD

Another important step taken by the Federal Reserve Act was in providing for the extension of American banking facilities to foreign countries. The original act gave the right of establishing branches in foreign countries to National banks having a capital of one million dollars and over and by later amendments to the act the National banks were authorized to invest in the shares of institutions organized under state authority for conducting a foreign

banking business. A still later amendment of the act, known as the Edge Law, gave to the National banks the right of subscribing to the capital of institutions organized under Federal Law for doing a foreign banking business or engaging in the financing of foreign trade.

CLOSE FEDERAL CONTROL OF BANKING

A general survey of the banking legislation of the country will show that the freedom from Federal control of banking, which existed from 1841 until 1863, has given way to a greater degree of Federal control than previously existed. This control directly extends only to the National banks and to such State banks as are members of the Federal Reserve System. The State institutions, which are not members of this system, are entirely under the authority of State Laws and supervision.

The laws relating to the organization and operation of banks have continually been made stricter and the supervision exercised by the Federal and State authorities has been supplemented by examinations instituted by the clearing houses; so that, generally speaking, all the safeguards which can be thrown around banking operations by law and examinations have been adopted.

BOTH SYSTEMS WELL ADAPTED TO PUBLIC NEEDS

Apparently both the State and National Banking Systems are well adapted to public requirements. While the number of State banks is approximately seven times the number of National banks, the resources of the latter are not so far behind those of the State institutions as the disparity in numbers would lead one to expect. On June 30, 1920, the Comptroller of the Currency gave the figures 22,109, State and private banks, showing that their total resources were \$29,667,855,000, while the resources of the National banks on the same date were \$23,411,153,000.

The quite remarkable growth which the National banks have made in recent

years is shown by a chart presented in the Annual Report of the Comptroller of the Currency for the year 1920, showing that from the fifty years between 1863 and June 4, 1913, the growth in resources of the National Banking System had been \$11,036,920,000, and from June 4, 1913, to June 30, 1920, \$11,159,817,000. In other words, that the resources of the National banks of the United States increased slightly more in the seven-year period last named than for the entire fifty years preceding. The surprising rate of growth in the latter period is partly explained by the fact that this included the time of the great World War when the banking resources of the country were naturally subject to enormous expansion, but it is also explained to a considerable extent by the enlarged powers conferred upon the National banks of the country through the Federal Reserve Act. The diminution in the reserves which the banks were required to hold, the rediscount privileges, and the conferring of trust company functions upon National banks, all contributed to enlarge their business.

From the growth in the resources of the National banks and from the preponderance in numbers of the State banks, and the fact that the total volume of their business has kept ahead of the National banks, it would seem to be reasonable to infer that the State and Federal governments have been running a pretty close race in legislation calculated to make the respective systems thoroughly responsive to the public needs for banking facilities.

The principle which has evidently governed Federal legislation in regard to banking has been that of the continuous exercise of supervisory powers over the banks which have been created under the authority of Federal Law and the linking of the banks together in a union for their mutual protection.

While the States have not been slow in bringing their banking systems up to the National standard so far as respects the laws governing the operation of banks and their adequate supervision,

the unifying feature found in the Federal Reserve Act is as yet lacking in the State systems, unless the State banks elect to become members of the Federal Reserve System — something which they have not as yet done to any great extent.

FINANCIAL LEGISLATION

The trend of currency legislation has been unmistakably in favor of making the currency of the country as sound as possible. Not only did the country survive the greenback agitation of the Civil War period and carry out the determination to resume specie payments, but the silver delusion which reappeared about 1878 and thereafter became more intense until 1896, was finally killed, and a definite commitment to the gold standard made in the Act of March 14, 1900. Either through the provision of this act or by the rulings of the Secretary of the Treasury, all of the money of the United States, including the silver dollars, was made exchangeable for gold coin on demand. The gold standard was strongly attacked in the political campaigns of 1896 and 1900, but these attacks were decisively defeated.

While those responsible for the financial legislation of the country have given full recognition to the necessity of basing our currency system upon gold, it has not yet been able to perceive the desirability of cutting the Government loose from the issue of paper currency. The National bank notes, which are apparently obligations of the issuing banks, are in substance Government notes, since they are not only based on the Government debt, but the Government itself assumes responsibility for the payment of the notes. The Federal Reserve notes are, in express terms, made obligations of the United States.

The maintenance of Government paper money in the form of so-called bank notes lessens the incentive to the redemption of these notes, thus tending to make them redundant and to encour-

age their use as bank reserves by the very large number of State banking institutions.

Failure of Congress to substitute a bank credit currency for Government notes may be ascribed to the unfortu-

nate experiences which the country had in its earlier history with the circulating notes of a number of State banks and to the jealousy with which the Government has always looked upon the prerogative of issuing currency.



The American Bankers Association

By Guy E. Bowerman

Executive Manager

SEVENTEEN representative bankers met at Barnum's Hotel in New York City, May 24, 1875, at the request of James T. Howenstein, of the Valley National Bank of St. Louis, and after short discussions a call was prepared for the first convention of the American Bankers Association at Saratoga, July 20, 21 and 22 of the same year. That meeting was held and a committee of nine was appointed to draft a constitution and by-laws. The organization of the Association was completed at the conference of the following year, and the new mutual benefit organization which now has a membership of approximately 24,000 was successfully launched. About 300 bankers attended the first convention in Saratoga.

In addition to Mr. Howenstein, the following bankers were among the seventeen who fostered the idea of an American Bankers Association: George F. Baker, cashier First National Bank of New York City; Arthur W. Sherman, cashier Dry Goods Bank; Edward Skillen, cashier Central National Bank; Edward H. Perkins, Jr., cashier Importers' and Traders' National Bank; George W. Perkins, cashier Hanover National Bank; John M. Crane, cashier National Shoe and Leather Bank; John S. Harburger, cashier of the Manhattan Company Bank, all of New York; Charles E. Upton, cashier City Bank, Rochester, N. Y.; John S. Leake, cashier

First National Bank, Saratoga Springs; Amos P. Palmer, cashier Albany City National Bank; Royal B. Conant, cashier Eliot National Bank of Boston; Morton McMichael, Jr., cashier First National Bank of Philadelphia; John D. Scully, cashier First National Bank of Pittsburgh; Joshua W. Lockwood, cashier National Bank of Virginia; Logan C. Murray, cashier Kentucky National Bank; Charles C. Cadman, cashier Merchants and Manufacturers' Bank, Detroit.

These seventeen bankers carried the idea for a national organization to the first convention and received the aid of many other representative men of their time.

The report of the committee of nine appointed to perfect the organization of the association submitted C. E. Upton for the temporary chairmanship and suggested Charles B. Hall, of the Boston National Bank, as president, Mr. Howenstein as secretary, and A. W. Sherman as treasurer. The report was unanimously adopted and President Hall appointed the committee of nine to perfect the organization.

At the second convention in Philadelphia in the fall of the following year the organization of the association was completed and the aim of the association was definitely directed to "promote the general welfare and usefulness of banks and banking institutions, and to secure uniformity of action, together

with the practical benefits to be derived from personal acquaintance and from the discussion of subjects of importance to the banking and commercial interests of the country, and especially in order to secure the proper consideration of questions regarding the commercial and financial usages, customs and laws which affect the banking interests of the entire country." The words "and for protection against loss by crime" were added to the foregoing at a later date.

These were the outstanding principles upon which the Association was founded nearly half a century ago and were the fruits of the minds of bankers who had gone through the trying period of our Civil War and the trying years of readjustment following it. They are the great underlying principles of the Association today after years of development and expansion.

As the possibilities of the new organization of bankers became apparent under wise guidance and progressive leadership, new methods were undertaken, new ideas accepted and new features added. The administration of its affairs has been honest, capable and without prejudice, and singularly free from political influences, all of which were contributing factors in its upbuilding, until today with all of its various ramifications, it stands as a splendid monument to the best thought, ability and accomplishment of those who have done their part in its construction.

The general plan of government of the American Bankers Association is ideal. Neither theoretically nor practically can there be anything better than an organization with the general convention as a supreme authority, an executive council to exercise specific functions, and an administrative committee composed of elective officers, to represent the executive council to administer the affairs of the Association in the interim between sessions of the general convention and the executive council.

It is not entirely impossible that the founders of the American Bankers Association did not realize or anticipate its great expansion and the increase in

the service it renders to member banks and to the country at large, although the three main principles as laid down by them are probably broad enough to cover all of the expansion and increased activities. In any event, the conscientious management of the American Bankers Association which has entirely directed its effort toward greater service brought about greatly extended features and has substantially broadened the Association's work.

In 1896 the trust company section, now the trust company division, was established. Next came the organization of the Saving Bank, the Clearing House, the State Bank and the National Bank Sections. Of these only the clearing house section retains its first name, the others are called divisions. When the sectionalizing program was being discussed there was considerable opposition as it was feared that the Association would be specialized to death. The reverse has been the result as the work of the various divisions and sections covers the respective fields in much greater detail than would be possible were they all operating without designation within the parent organization.

After the sections had been announced and were functioning in a healthy and satisfactory manner, the American Institute of Banking was organized to afford facilities for study to bank employees and to promote and encourage educational work among them. This was in 1890, and the Institute was a success from the start. It teaches banking and banking law in convenient form and has produced some of the most successful of our present day bankers, several of whom are members of our various committees and officers of our Association. The American Institute of Banking has done and is doing a remarkable work in educating bankers and has grown within a few years to include a membership of more than 40,000.

After the Association had set the Institute upon its feet and the youngest section had begun to walk, the legal department was reorganized by the creation of the office of the general

counsel. This part of the Association has proven its value to the Association many times, and has through legislation succeeded in saving the Association the entire cost of its operation since 1875. This department is one of special service to member banks in that the general counsel will at any time furnish legal information and opinions without charge. Operating in conjunction with the legal department is a committee on federal legislation and a federal legislative counsel.

The importance of the work of the protective department of the Association should be realized when it is stated that a great deal of crime against member banks has been prevented. This may be proven by reference to records of the department which show that criminals are pursued relentlessly, many arrests are made and that the percentage of convictions to arrests is remarkably high.

The Association is a co-operative organization, and one of the phases of its activity which best illustrates this is the fact that expenses of the investigations made by the protective department which are usually followed by arrests and convictions of the criminals, are in many instances shared by the various state bankers associations. There are many other phases of the Association's work in which the state organizations co-operate.

Contrary to an opinion which seems to prevail in some sections, the American Bankers Association is not an organization in which the larger banks of the country are especially favored. It is probably true that the larger institutions most frequently avail themselves of the advantages which the Association offers, or probably more fully realize their value, and are in consequence, getting more out of it than the smaller banks. This is not the fault of the Association or its system, but it is the fault of the country banker who fails to take advantage of his opportunities.

The best proof of the pudding is in the eating and the best proof for the small banker that any service he desires will be rendered just as efficiently

and eagerly for him as for the larger institutions will be forthcoming when he asks for service. For the small banker's information, the statement that the American Bankers Association is absolutely controlled by banks with a capital of \$100,000 or less should be further proof of the absolute democracy of the organization.

Furthering its policy of disseminating educational material throughout the country the Association is now behind not only the work being done by the American Institute of Banking but it is solidly back of the campaign just started by its committee on public education. This campaign has as its purpose the distribution of elementary banking facts to the school children of the country. It calls for the delivery of ten lectures, one each month of the school year in the public schools. In most instances the co-operation of the local banker has been sought and secured, and the influence the latter has been able to wield has made it possible to foster the idea in local boards of education.

Intensifying the campaign even more it is the plan for the local banker to deliver some of the lectures himself and make arrangements for the delivery of the others by other bankers. In addition, personal demonstration of the phases of banking covered in the lectures will be given by the banker and his associates, school children being invited to visit the banks where they may see a practical application of the theories which have been expounded.

It is seldom in these troublesome times that the banker is considered in the light of altruism. Few persons give him credit of being anything of an altruist. Nevertheless he is, and it has been our experience within the Association to find that the spirit of service, unselfish and with no promise of gain other than for common good, is a rapidly growing quantity.

The foregoing is a brief outline of the history of the American Bankers Association which has grown from its very small beginning nearly half a century ago to a membership of virtually 24,000. From the very character of

this membership it is obvious that the Association is one of the greatest sources for good in the United States, if not in the world.

Present officers are as follows:

John S. Drum, president, president Mercantile Trust Company, San Francisco; Thomas B. McAdams, first vice-president, vice-president Merchants National Bank, Richmond; John H.

Puelicher, second vice-president, president of the Marshall and Ilsley Bank, Milwaukee, Wis.; Guy E. Bowerman, executive manager; Harry M. Rubey, treasurer, president Rubey National Bank, Golden, Col.; Wm. G. Fitzwilson, secretary and assistant treasurer; Thomas B. Paton, general counsel; L. W. Gamon, manager of the protective department.



Banking Education

By Stewart D. Beckley

Cashier City National Bank, Dallas, Texas, and former President American Institute of Banking

GIVEN the proper capital and the need or a place for a bank in a community, its success depends primarily upon its personnel, both officer and clerk. The character of service the men in the bank perform and the manner in which they do it, finds its reflection, both in the profits and growth of the bank. In no other field of commercial endeavor does the question of personality and ability play a more important part than that of banking.

Therefore, whether you be a bank clerk or bank officer, the question of banking education is a subject to which we are all bound by that invisible cord of mutual interest. If the development of the personnel of the banks through practical education that has for its purpose further to extend into the lives of the junior bank men of our country those immeasurable benefits that accrue from the increased knowledge of the fundamentals of banking, a broader conception of the relation of banking to industry, commerce and agriculture, and perhaps best of all, those richer joys of a wide mental horizon with its attendant broadened vision of life and its responsibilities, is not a matter of common interest both to bank employer and

employees, I know not the meaning of words nor their application.

The American Institute of Banking, the educational section of the American Bankers Association, is one of the forward looking bodies in this country, whose main purpose lies in endeavoring to improve the personnel which goes to make up the banking profession. The purpose and aim of the Institute is to take the young men entering banking as their career and mould them into the most useful element possible; to make them valuable to themselves and to the institution with which they are connected, and so in the aggregate raise the standard of bank men in America.

How does the Institute do this? Briefly, by *encouraging them to study their business, thereby creating a broader interest in their work and giving them a vision of a future which beckons to a dignified usefulness.*

If the young men entering upon banking as their life work could become imbued with or convicted of their personal responsibility, could grasp or appreciate the big problems confronting them in the banking business, it would appear that such would create within them that other great essential which contributes to success, namely, *interest*

in their work. Men in charge of others have long ago learned that the impelling force which contributes to the proper development of men is interest in their work, an appreciation of its relative importance, a vision of the bigger things which it leads to and an opportunity to work to that end. Now what will tend to bring those conditions definitely to the attention of the junior bankers? Nothing will do so as surely and definitely as encouraging them to study their work, and while the study of one's work may and will require a sacrifice, both of time and pleasure, yet there is no more imperative call to duty than to give the very best of ourselves to that which only we owe our right to existence, namely the work we do in this world.

If the bank employees can at least once a week, under the proper leadership, be brought together and encouraged to engage in a lively discussion of their daily problems, analyzing the "why's and wherefore's," they will return to their desk next day with a livelier interest, their powers of observation keener and an enthusiasm for the job that will lift them beyond their daily routine. It will give them the sharpened imagination to see the vivid human interest back of the grind of daily routine. For instance: take a runner in a Southern bank. It dignifies his position if in his own mind he is made to realize that in the daily presentation and collection of cotton drafts, he is performing an important and essential task in facilitating the movement of a commodity that is the basis of prosperity and social well being of the entire South. It is clear that the transit clerk is a more valuable employee, if when in the balancing and registering of the items that daily pass through his hands, he has a conception of the great part those checks play in facilitating the commerce of the world and the settlement of its debts.

Banking touches all aspects of business, making it necessary that every real banker be a practical economist. Perhaps no other field of commercial endeavor demands on the part of the men engaged in it a broader conception of

economic principles. The bank man is constantly confronted with complex problems, the solution of which calls for clear visioned men of statesmanlike ability; men who can think straight. The primary purpose of a bank may be to make money, but its primary function is to administer to the financial and economic needs of society. Banking is a profession not because some may choose to call it so, but because of its very nature of service to mankind, and it should be studied with the same diligence, the same sense of duty that is attributed to the real lawyer or doctor, and if the junior bank men expect to keep pace with the changed scope, character and methods of modern business and meet its legitimate demand, no matter how acquired, they must have a proper conception of the fundamental principles underlying banking, economics and a knowledge of commercial law.

It is clear, therefore, that the American Institute of Banking has before it a great field for constructive service, and that it was organized in response to a very definite demand. The successful work of the Institute can be attributed to one thing chiefly; that of supplying a need. No organization or anything else, for that matter, can continually stay in existence and progress, no matter how much it is promoted, if the thing itself does not supply a definite need and meet a legitimate demand. The Institute study courses which have proved of immeasurable benefit to thousands of bank men throughout this country are designed not so much as to the end of "who" and "what" but "how" and "why". The Institute claims no patent for creating successful bankers; its primary purpose is to lay the foundation for that most essential thing—"thinking straight."

The graduate of a law school is not necessarily a successful lawyer. He has simply been trained to "think in the law," and the Institute certificate holder is not necessarily a sound banker, but if he has reasonable ability and has properly applied himself, he has trained himself to think constructively along economic lines. He knows some-

thing of the "how and why" of banking, technically speaking, and has a sufficient knowledge of commercial law to perform his daily duties with the proper conjecture of his legal rights and legal responsibilities.

But the Institute goes further than that, and I am sure I am right when I say its chief benefit is that the man who has studied his business has by that very act created within himself a broader interest in his work; he receives the incentive to delve into things not required; his ambition to accomplish is aroused and that begets creative knowledge—that potential force that projects itself not only into the solving of problems, but the creation of new ideas that

are so essential in the onward march of a successful life.

At the recent convention at Minneapolis, at the instance of the educational director, George E. Allen, and under the supervision of the educational director, plans were initiated whereby the Institute is to broaden its curriculum to meet the demand for higher technical bank training, so that every bank member of the American Bankers Association can turn to the American Institute of Banking with confidence for its educational needs and that the Institute members will be afforded the very highest possible opportunity for thorough education in those branches which will fit them for large success in their chosen profession.



Publishers and Editors of The Bankers Magazine

THE founder of THE BANKERS MAGAZINE, I. Smith Homans, was born in Boston, Mass., October 5, 1807. He was the son of Benjamin Homans, at one time Secretary of State of the Commonwealth of Massachusetts, and later, until his death in 1823, chief clerk in the Navy Department at Washington.

An interesting incident is related of Benjamin Homans. When the British Army was about to attack Washington in the war of 1812, Mr. Homans, aided by Mrs. Madison, wife of the President, collected two wagon-loads of trunks containing the most valuable archives of the Navy Department and of the White House, including Peale's portrait of Washington, which now hangs in the Senate wing of the Capitol, and placed them on board a canal boat. In the absence of the captain, Mr. Homans took the responsibility of ordering the crew to take the boat to a point near the Hominy House, a well-known resort in those days, and

the trunks were stored in a barn until the enemy had departed. That same evening, the Capitol, the White House, and many public buildings, with their valuable contents, were burned by the British soldiers. The prompt action of Mr. Homans saved to the nation many public documents of great value.

I. Smith Homans was brought up in the banking-house of Josiah Lee & Co., of Baltimore, who, for many years, were leading bankers in that city. It was there that he acquired his intimate knowledge of the principles of banking and finance and his fondness for statistical research.

His tastes in this direction led to the establishment of THE BANKERS MAGAZINE, the first number of which he issued at Baltimore, July 1, 1846. Mr. Homans' venture was a success and he continued to conduct the MAGAZINE as editor and publisher, until his death, which occurred in 1874. In 1852 the publication office was removed to New York City, where it has since remained.

Mr. Homans was an industrious writer and compiler of statistics, as is evidenced by the vast number of articles from his pen in *THE BANKERS MAGAZINE*, the *Bankers Almanac*, and other standard works. In connection with his son, the late I. Smith Homans, Jr., he edited *Homans' Cyclopedia of Commerce*, published in 1860 by Messrs. Harper & Bros.

Upon the death of Mr. Homans in 1874, the *MAGAZINE* was continued with I. Smith Homans, his son, as publisher, and Benjamin Homans, his nephew, as editor. Mr. Homans, Jr., died in 1879, when the *Homans Publishing Co.*, was formed. The *MAGAZINE* and the *Bankers Almanac* were continued by that corporation until John G. Floyd purchased the property in December, 1894.

At the time of the purchase of the *MAGAZINE* by Mr. Floyd, Prof. Albert S. Bolles, former editor, was made editor of the law department.

In June, 1895, a most important event in the history of the *MAGAZINE* occurred. This was its absorption by "*Rhodes Journal of Banking*," a monthly publication which had been in the field for over twenty years. Beginning with the July, 1895, issue, *THE BANKERS MAGAZINE* and "*Rhodes Journal of Banking*"

were consolidated, the titles of both publications being retained until January, 1896, when the present title was continued as being more appropriate.

In addition to the editorial writers just mentioned, a valued member of the staff for many years prior to 1905 was William B. Greene, who had had long experience as chief of division in the Bureau of Comptroller of the Currency and whose information on banking and financial subjects was very extensive. Mr. Greene's ability was such as to aid very strongly in sustaining the high reputation which the *MAGAZINE* had attained in former years.

The present editor became associated with "*Rhodes Journal of Banking*" in 1893, and his relations with that publication and *THE BANKERS MAGAZINE* have been continuous since the year named.

On the first day of May, 1903, the firm of Bradford Rhodes & Co., publishers of *THE BANKERS MAGAZINE*, was succeeded by The Bankers Publishing Co., of which Geo. W. Englehardt was the owner. The publication was continued under this arrangement until 1906, when the ownership of the Bankers Publishing Co. passed into its present hands.



... nation's wealth is not generally understood. Its resources are diversified, but its chief industry is agriculture. The decline in farm products from the 1920 crop was from forty to eighty per cent. under the prices realized for the previous year, which seriously affected the program of the farmer and materially curtailed his purchasing power.

Notwithstanding the fact that the farmer was unable to meet maturing obligations and had very little with which to make a new crop, he has accomplished much, in that he has produced and is now most ready for harvesting a good crop, and probably at as low an expense as before the war. This saving

meet a considerable portion of his carried over obligations and afford funds with which to carry him past another season.

The conditions affecting the farmer, which is our principal source of new wealth, has had its deterring effect upon business in all lines. The retailer or furnisher has not met his accounts with his jobber and manufacturer and in consequence, the jobber has been forced to ask the indulgence of his banker.

The clouds of readjustment are now breaking and we feel that credits which have been firmly frozen for the past twelve months will soon become current and conditions become normal.

Some Notes on European Travel

I.

IN preparing for a journey to Europe in these days one is impressed by two outstanding facts: first, the reluctance of your beloved Uncle Samuel to let you go; second, the outrageous sum asked for ocean travel.

Before the German Emperor started out to annex the world to his dominions, one desiring to go almost anywhere in the world could pack up his traps and go. If he wanted a passport for purposes of identification, or of protection from his Government in case of molestation, he could fill out a blank form containing a few perfunctory questions, send this to Washington with a dollar, and in a day or so the official document would be duly received, to be thrust away somewhere and forgotten. Not so in these times. You must give a rather extensive account of yourself, and this must be verified by someone who knows the statements made to be true, and both the applicant for a passport and his sponsor must appear in person before the necessary official. Then, owing to the higher cost of conducting the Government, you are asked to pay, not one dollar, but ten.

But when you have procured a passport, your difficulties are just beginning. The document must bear the stamp of the consular agent of every country you propose visiting and this means a substantial fee in every case.

little time is consumed, and the custom-house examination is a mere formality, occupying but a few minutes.

The cost of ocean transportation is nearly three times what it was before the war, a fact which would seem to bring into commission much of the idle ocean tonnage; and the summer demand for accommodation has been very great. The ships are idle, perhaps more from lack of cargo than of passengers.

* * *

CONDITIONS IN ENGLAND

On going to England you are likely to be told that frequent rainfalls may be expected. But in June this year one found a drought probably without parallel with possibly one or two exceptions in fifty or sixty years. Crops were suffering from lack of moisture, pasture land was brown and scorched, and even the water supply for domestic uses seriously threatened. There had been a June frost also, thus further endangering some of the crops. Added to these unfavorable conditions, there was the strike of the coal miners, a general strike threatening, and the Irish revolution.

Naturally, a situation such as has been described did not contribute to a cheerful frame of mind, and much gloom was apparent in the newspapers

character as regards the standards of national and individual integrity.

Such criticisms seem to an outsider to be much exaggerated. They appear to spring rather from a desire to hold England true to the loftiest standards of honor rather than to indicate that a departure from these standards has either taken place already or is actually threatened.

The false stimulus which war affords has been felt here in all circles, as it was to a much smaller extent in the United States. Labor was deceived by this spurious tonic and drew the unsound inference that after the war the higher standard of living could be maintained even with reduced effort. There is some evidence—not so much as could be desired, it is true—that the error of this position is now becoming realized, and many of the idle workers have returned to their jobs. They did so in most cases, it must be admitted, under the pressure of necessity rather than in obedience to clearer reasoning processes. But at least it is seen that if there is no production there can be no

profits, and consequently no wages.

Bankers and economists are much concerned over what they regard as the pauperizing and enervating tendencies of a huge system of Government doles paid out to assist the unemployed. They consider that this begets a tendency on the part of labor to rely less and less upon individual initiative and energy and more and more on the help of the Government.

Despite the heavy burden of war debt under which the United Kingdom is laboring, and the serious upsetting of budget calculations by the sharp decline in industry, no disposition is found here to ask or to expect a cancellation of the indebtedness to the United States. On the contrary, British bankers quite fully understand that it is of prime importance, under present circumstances, to maintain the world's faith in British obligations. They show also a grim determination to see the thing through in these trying times of peace as they did in the still more trying times of war.

London, June 18.

E. H. Y.



The South's Contribution to the Nation's Wealth

By P. D. HOUSTON

President, American National Bank, Nashville, Tenn.

THE South's contribution to our nation's wealth is not generally understood. Its resources are diversified, but its chief industry is agriculture. The decline in farm products from the 1920 crop was from forty to eighty per cent. under the prices realized for the previous year, which seriously affected the program of the farmer and materially curtailed his purchasing power.

Notwithstanding the fact that the farmer was unable to meet maturing obligations and had very little with which to make a new crop, he has accomplished much, in that he has produced and is now most ready for harvesting a good crop, and probably at as low an expense as before the war. This saving

in expense will enable the farmer to meet a considerable portion of his carried over obligations and afford funds with which to carry him past another season.

The conditions affecting the farmer, which is our principal source of new wealth, has had its deterring effect upon business in all lines. The retailer or furnisher has not met his accounts with his jobber and manufacturer and in consequence, the jobber has been forced to ask the indulgence of his banker.

The clouds of readjustment are now breaking and we feel that credits which have been firmly frozen for the past twelve months will soon become current and conditions become normal.

Some Birthday Congratulations

ONE of the pleasantest things about a birthday, especially one's seventy-fifth, is the good wishes and congratulations of many loyal friends. THE BANKERS MAGAZINE is indeed fortunate in the possession of a host of well-wishers judging from the large number of friendly messages received during the past few months. It is inspiring to feel that the efforts of three-quarters of a century are appreciated but at the same time it imposes an obligation for the years to come to live up to the high standards of the past and to perpetuate the best traditions of banking and finance.

With what we hope to be pardonable pride we quote from some of the messages as follows:

*From Charles H. Sabin, president,
Guaranty Trust Company of New
York:*

THE BANKERS MAGAZINE is to be congratulated on its Seventy-fifth Anniversary, not only because of its successful record for three-quarters of a century but also because it has performed a very useful function during the most important period of development in the United States, and, in fact, of the world.

The progress of the United States especially during the last seventy-five years has been nothing short of miraculous. And the touchstone of this wonderful growth has been organization. It is exactly seventy-five years ago that the people of New York State adopted a Constitution in which incorporation under general laws was fully conceded, and coincident with that concession began the amazing progress of the United States toward economic leadership among the nations. Prior to that time business of every kind was usually carried on by individuals or partnerships. Corporations were organized under special charters for certain enterprises, but they were looked upon with suspicion and always challenged the adverse attention of the public. Even down to the Civil War the corporate form of management was the exception rather than the rule. From then on the advantages of that kind of organization began to be more generally recognized until it became the accepted method of inaugurating and sustaining the enterprises through which the natural resources of the country were developed.

With the advent of an institution which made possible the aggregation of capital

otherwise widely distributed and for that reason less effective, came a whole train of development in agriculture, mining, manufacturing, transportation, communication, lighting and heating, and building. It was not only a multitude of small capitalists whose savings were brought together for the advancement of an enterprise through this form of organization. There came together also the men whose special knowledge and inventive capacity could be made effective and encouraged to new undertakings in no other way. The new form of organization was not without its possibilities for evil, but in the main its tendencies were good, and it would have been abolished had they not been.

Closely related to corporate organization, as a factor in our progress, was the organization of our banking system under state and national laws and then under the Federal Reserve Act. Through those pieces of legislation the surplus energies of the nation, as expressed in cash and credit, have been made available not only for expansion of industry and trade at home, but also for the development of our foreign commerce.

Our progress during the last seventy-five years has depended upon no one factor, but rather upon all of the factors which have entered into the result, and which have been effective through coordination and organization—the highest genius of this nation.

From David R. Forgan, president, National City Bank of Chicago:

Please accept our heartiest congratulations on the Diamond Jubilee of THE BANKERS MAGAZINE. This Magazine has been the authoritative organ of the great banking business for so many years, its influence has been so distinctly for conservative banking practice, and its leading articles so helpful to the banking fraternity that I am sure you will have the hearty congratulations of all bankers on this happy occasion.

*From Edward C. Delafield, president,
The Bank of America, New York:*

In the seventy-five years of the existence of THE BANKERS MAGAZINE, I feel, this publication has been of much influence in developing and encouraging good banking practices. It has served well in recording and inspiring the remarkable progress in banking and finance in this country in the past three-quarters of a century. The striking story of the organization of the national banks and the Federal Reserve System, as well as the development of state banking and trust institutions of tremendous magnitude and influence, has been adequately reflected in its pages.

The Bank of America in its one hundred and nine years of service to the public has been active in this development and progress. I therefore feel that I may fittingly congratulate THE BANKERS MAGAZINE on its long and successful career and wish it continued growth and service in the world of banking and finance.

*R. R. Appleby, New York agent,
Bank of British West Africa, Limited:*

Anything which has attained the age of seventy-five years is naturally entitled to respect, and in the case of THE BANKERS MAGAZINE, which has compiled a notable record for honorable, dignified, and progressive service to the banking community of the entire country, such respect must be accompanied by a sincere appreciation. The very difficult times through which the entire mercantile community have passed since the armistice and through which, indeed, they are still passing, have presented to bankers the most serious problems and a condition before which even the most valued experience often went for naught, and in this connection, the well-reasoned and far-seeing editorials of THE BANKERS MAGAZINE have been of the utmost value and assistance, and I trust that THE BANKERS MAGAZINE, under its capable editorship and management, may continue for many years its invaluable service to the banking community, and through them to the country as a whole.

*From James A. Forgan, chairman of
the board, First National Bank,
Chicago:*

My attention has been called to the fact that THE BANKERS MAGAZINE will commemorate its Seventy-fifth Anniversary next September, and I take the greatest pleasure in extending to you, as its editor, my sincerest congratulations and best wishes.

Seventy-five years of service in behalf of a profession which has done much to develop and extend the resources and greatness of our country is a matter worthy of note, not merely for the publishers and editors of the Magazine, but also for all of us who are interested in everything that is best in the financial structure of the United States. Many changes have taken place since THE BANKERS MAGAZINE was first started, and the banks of our country, which in those early days had to lean heavily upon European capital, now find the situation reversed, and I have no doubt that in this new field which awaits the financial institutions of the United States the banks will be able to rely upon the continued constructive advice and criticism of THE BANKERS MAGAZINE.

THE BANKERS MAGAZINE has seen developed out of a mass of separate units, each selfishly seeking only its own good, a unified

financial system which enables the country to mobilize its banking resources in war and in peace. In the long struggle which was necessary to bring about this desired centralization and unification, THE BANKERS MAGAZINE played no small part. I hope that in the years to come THE BANKERS MAGAZINE will continue to grow and flourish.

From The Right Hon. Reginald McKenna, chairman, London Joint City and Midland Bank, Limited, London:

THE BANKERS MAGAZINE is to be congratulated on its approaching Seventy-fifth Anniversary. Your well-known journal has proved extremely useful to bankers and financiers on both sides of the Atlantic, and will, I have no doubt, deserve and maintain in the future the same wide reputation which it has enjoyed in the past.

*From R. S. Hawes, vice-president, First
National Bank in St. Louis:*

Age seventy-five years, health good, future bright, the past unsullied, surely THE BANKERS MAGAZINE, on the occasion of its Diamond Jubilee, deserves the congratulations of all "Bankdom".

Age begets veneration, and yet THE BANKERS MAGAZINE has gained by other than the aging process the veneration of the banking fraternity. Through judicial policies, careful management and the promulgation and advocacy of sound logic on financial matters, your magazine has attained a place of high regard among its readers. I consider it my good fortune to have been one of those readers for the past ten years.

Not only has the Magazine contributed in a valuable way to the current knowledge of banking, but in sane counsel has, in the faltering and doubtful periods of our country's economic adjustments, wielded a powerful stabilizing influence. The scope of this influence in the past, and its future importance is not to be slightly regarded.

Your publication goes principally to men of financial affairs in the United States, and now more than ever the banker from "Main Street" to Broadway is an increasingly important factor in our economic existence, for he enters into all phases of our life. There is increasing need, therefore, that he be surrounded by, and influenced through the most wholesome sources of information.

Heretofore, the banker has supplied the lubrication for commercial activities; tomorrow's growth depends on the creative efforts he puts into business. Today he deals not alone in dollars, but indirectly in the products of the universe, and he must see as carefully to the balance in trade as to the balancing of his books.

Big as has been the role of the financier and the banker in the past, the part he is

assuming in growing proportions makes him the arbiter of world progress. To continue to be a source of suggestion and information to such a group of business men is surely a rare opportunity of service for any publication.

Here's best wishes for another seventy-five.

*From Jason A. Neilson, vice-president,
Mercantile Bank of the Americas,
New York:*

I have been looking over THE BANKERS MAGAZINE for the past twenty years and have always found it worth reading. Even though it is an old organization, I think it has continued to be young in spirit, and I am quite sure it has been widely read among men employed in banks outside of the officers to whom it has been directed. I think it performs a useful function in this respect and therefore has a right to continue a prosperous existence.

*From John W. Platten, president,
United States Mortgage and Trust
Company, New York:*

I learn with much interest that with the September issue your publication will round out its seventy-fifth year of service to the banking fraternity. Such a record is indeed most creditable, and in extending my congratulations permit me also to wish you many more years of success and prosperity.

*From H. K. Twitchell, chairman of the
board, Chemical National Bank, New
York:*

Please accept my sincere congratulations on the occasion of the celebration of the Seventy-fifth Anniversary of the establishment of your Magazine. The life of your publication covers a period in which there has been a marked development in banking, and your periodical has made no small contribution toward the guidance of banking leaders in the development and expansion that has taken place. You have my very best wishes for the continued success of your magazine.

*From Percy H. Johnston, president,
Chemical National Bank, New York:*

I wish to extend to you my hearty congratulations upon your approaching Seventy-fifth Anniversary.

*From T. Fred Aspden, vice-president,
Park-Union Foreign Banking Cor-
poration, New York:*

I wish to extend my most sincere congratulations and to say that I have always

enjoyed reading THE BANKERS MAGAZINE which is interesting, well edited and informative.

Given a continuation of the same able management in the future as the Magazine has had in the past the publication has a bright future.

*From Robert A. Shaw, secretary, Asia
Banking Corporation, New York:*

Permit me to extend to you my hearty congratulations on this Seventy-fifth Anniversary of your Magazine and I trust that you may have continued, and if possible, greater success in the years to come.

*From R. Vassar Smith, chairman,
Lloyds Bank Limited, London:*

THE BANKERS MAGAZINE has been long and favorably known here and each month contains articles of the very greatest interest upon banking matters and collateral topics.

I suppose that even an editor does not always know what features in his publication appeal to individual readers, and it may be of interest to you to be told that one of the most closely read parts of THE BANKERS MAGAZINE is that dealing with the important legal decisions of your courts upon questions of banking, under your heading "Banking and Commercial Law."

It is noticeable how closely your legal decisions are in line with our own, with exceptions, of course, here and there—I write with no very special knowledge of such intricate matters, but only to say that the decisions are of great interest to one or two readers here at all events, and probably to a much larger number.

I would like to congratulate you upon the excellent format of THE BANKERS MAGAZINE. It is a pleasure to read the clear type used on every page—not the least in that considerable portion dealing with advertisements.

I should like to add that it is most interesting to see the photographs of well-known bankers and to recognize now and again the faces of good friends of my own bank, upon your side of the Atlantic.

Your banking buildings in many cases are of great beauty and here again your illustrations are not only interesting but instructive.

I wish you all success and another uninterruptedly prosperous run of seventy-five years.

*From Charles A. Holder, president,
Park-Union Foreign Banking Cor-
poration, New York:*

Congratulations on your Seventy-fifth Anniversary! At this time the one thought that seems to some of us to stand out above all others is that we must keep up our

courage and wait patiently for the improved conditions that are bound to come sooner or later. The pendulum in every change of action in the human race, or in world events, or in changes and reforms of all kinds, always swings violently to extremes at first. A swinging too far up, or too far down, or too far to the left and then to the right, is eventually followed by a lessening of extremes until it settles itself, midway, in stable equilibrium. Having gone through extreme upswinging of the pendulum with inflation, high prices, and one might almost say unrestrained banking facilities, we are now going through the other extreme with business depression, frightened bankers, frightened business men, curtailment of credits, cessation or slackening of trade, and other disquieting movements, but most of us can see ahead a period when the pendulum will swing less and less, and come to its proper normal place. Let us wait for it with confidence.

From E. Hope Simpson, director and general manager, Bank of Liverpool and Martins Limited, London:

Pray accept my warm congratulations on the Seventy-fifth Anniversary of THE BANKERS MAGAZINE. That the Magazine should have lived through so long a period and should display today greater vitality than ever is a remarkable tribute to the esteem in which it is held by the banking and commercial community not only in America but in other countries, and also to the ability and enterprise of its successive editors and managers.

Covering, as it does, a period of extraordinary development in American banking, the files of THE BANKERS MAGAZINE will constitute a permanent record of great interest to future generations of bankers and students of economics. Its value in this respect is greatly enhanced by the fact that the great subjects which it handles are always dealt with in a worthy and intelligent way. I trust that the Magazine will long continue to prosper and to exercise its wholesome influence upon American finance.

From Joseph G. Brown, president, Citizens National Bank, Raleigh, N. C.:

My heartiest congratulations to THE BANKERS MAGAZINE upon its Seventy-fifth Anniversary. That is a good old age—but the Magazine has come to it with such vigor and strength that its friends can hardly realize that it has had so long an existence. But it has grown stronger and riper with the passing years.

It has kept strictly up to date. There is no way known to me in which one can keep more closely in touch with current events in the financial world—or find safer

guidance in all the varied banking problems that come up from day to day—than from the pages of your journal.

To me it has been invaluable through the nearly half century in which it has been coming to my desk, and I am confidently counting on attending in person its Centennial Anniversary, when I shall hope to have the pleasure of grasping the hand of my good friend the present editor.

From F. C. Goodenough, chairman, Barclays Bank Limited, London:

I note that THE BANKERS MAGAZINE of New York is about to celebrate its Diamond Jubilee, and I take this opportunity of conveying my most cordial congratulations. I wish the Magazine a long career ahead, to be devoted—as I am sure it will be—to furthering the banking interests of the United States of America.

Recent world-wide events have brought the bankers of this country into even closer touch with the bankers of America than hitherto, and it is my firm belief that by mutual interchange of views and cooperation, the bankers of England and America can do more to solve the great world problems of the future than any combination of political or industrial forces. There is no doubt that inter-world finance will play a more important part in the future than ever before. Recognizing THE BANKERS MAGAZINE of New York as a representative exponent of banking ideas in the United States of America, I again wish it every prosperity.

From E. J. Newell, vice-president, The Peoples Bank of Buffalo:

We have been subscribers to your publication for a great many years and would not be without it. It is the highest type of publication covering the profession of banking, and we congratulate you upon your long and successful career, and extend our heartiest good wishes for continued success and prosperity in the years to come.

The success which you have achieved is fully deserved and your publication is remarkable for its beautiful appearance and the varied and valuable character of its contents. We enjoy every number. Seemingly it has been your desire year by year to achieve a mechanical perfection as well as excellence of the articles published, and we surely wish to add that the editorial department has been fully up to the high standards set by the rest of the publication.

From Frank Roberts, president, Calcasieu National Bank, Lake Charles, La.:

I note with pleasure that THE BANKERS MAGAZINE is soon to publish its Diamond Jubilee number. I doubt if I have missed

reading a single issue during the last forty years.

Since the issue of its first number:

Iron safes with huge keys have given way to massive steel vaults with intricate locking and protective devices;

Pen and ink bookkeeping has been replaced by electrically operated machinery;

The country's banking reserves have come to be measured in billions instead of millions;

The nation's banking system has been placed firmly and securely on a foundation of solid rock instead of shifting sand;

Banking service has in measure and character kept abreast of the requirements of society and commerce;

and throughout this period of banking evolution THE BANKERS MAGAZINE has steadfastly maintained its position in the forefront of every movement for better banking.

Thousands of readers wish it "God Speed" as it starts on the last quarter towards its century mile-stone.

From J. H. Perkins, president, Farmers Loan and Trust Company, New York:

I am very much interested to learn that the Seventy-fifth Anniversary of THE BANKERS MAGAZINE is at hand, and congratulate the Magazine most sincerely on its long and useful life.

Publications which deal truthfully and intelligently with the complex problems before us are greatly needed; and on the Seventy-fifth Anniversary of the foundation of THE BANKERS MAGAZINE I take great pleasure in wishing it a leading place among such publications and a useful and prosperous future.

From Herbert W. Jackson, president, Virginia Trust Company, Richmond, Va.:

Just a line of congratulations to THE BANKERS MAGAZINE on its arrival at the age of seventy-five.

I have been reading this Magazine for twenty-five years, and it gets better as it goes on.

From Richard J. Faust, Jr., vice-president, Irving National Bank, New York:

Our heartiest congratulations on the success of your Magazine.

From E. D. Hulbert, president, Merchants' Loan and Trust Company, Chicago:

I congratulate you sincerely on the approach of your Seventy-fifth Anniversary.

From Edward Cookingham, president, Ladd and Tilton Bank, Portland, Ore.:

I observe in a recent announcement made by THE BANKERS MAGAZINE that next month it will celebrate its Seventy-fifth Anniversary by publication of a Diamond Jubilee number.

I desire to take advantage of the opportunity to tender my sincere congratulations, and to express the hope that THE BANKERS MAGAZINE may continue, for an indefinite period, to enjoy prosperity.

For many years THE BANKERS MAGAZINE has exercised a sustaining influence in the direction of sound banking and has established itself in the minds of the bankers of this country as a publication of great usefulness and merit.

It deserves all the good things that bankers can do and say for it.

From Julien H. Hill, president, National State and City Bank, Richmond, Va.:

In celebrating last year our Fiftieth Anniversary, we felt that we had reached a ripe old age, so far as experience was concerned, but that we were really just approaching the period of our greatest usefulness.

When we consider that your excellent magazine is to celebrate next month its Seventy-fifth Anniversary, we appear as mere infants in point of age, but as in our own case, you also are in our opinion approaching the period of your greatest usefulness. Never in the history of banking in this country, and hardly in the entire history of finance, have we so many and so complex problems confronting the banking fraternity. In the past your Magazine contributed to the solution of economic questions, by the excellence of the articles which you have furnished, and it would be difficult to measure the educational work which you have accomplished by constantly keeping the bankers of the country posted on a variety of financial subjects. We predict that by continuation of your high standards you will perform an invaluable service in the constructive work which we have before us in the immediate future, and we extend you our sincerest and best wishes.

From George L. LeBlanc, president, Equitable Eastern Banking Corporation, New York:

In sending birthday greetings to THE BANKERS MAGAZINE on the attainment of its seventy-fifth year of age, I refrain, for two reasons, from giving expression to the conventional terms of flattery usually employed on such occasions. Firstly, because I adopt the view of Lord Chesterfield that "congratulatory compliments are merely a

draft on politeness with the exchange always in favor of the drawer"; and secondly, because no tribute to the merits of your publication and of those who direct it, could be higher than a statement of the self-evident fact that at the end of three-quarters of a century of continuous service, a journal representative of and devoted to American banking interests, still retains its authority and recognized usefulness.

From Waldo Newcomer, president, National Exchange Bank, Baltimore:

May I take this opportunity to extend to you and to THE BANKERS MAGAZINE hearty and sincere congratulations on the completion of its seventy-fifth year of usefulness and service to the banking community. It has, throughout my acquaintance with it, always stood for progress and conservatism and proven itself a valuable and at the same time, a readable and interesting periodical. My felicitations go out to you personally also for you have guided its policies in the right direction.

I can not give you the credit of having brought it up from its infancy without giving the impression that your editorial Diamond Jubilee is likewise being celebrated and this would at once be belied by the vigor of your writings and the firmness of your signature. But I do hope that you will be spared to fill out as large a portion of seventy-five years of activity in its management as your ambition and desire may call for and that each of the coming years may be crowned with happiness for you and prosperity and progress for both you and the Magazine.

From H. A. Wroe, president, American National Bank in Austin, Texas:

This bank has been a continuous subscriber to THE BANKERS MAGAZINE for over thirty years, and feel we owe at least a part of our success to its careful charting.

From Walter Leaf, chairman, London County, Westminster and Parr's Bank, Limited, London:

Walter Leaf, who is at present away from London, has asked me to convey to you his congratulations on the forthcoming Seventy-fifth Anniversary of THE BANKERS MAGAZINE of New York, and to wish you, and that publication, every success.

From William T. Fenton, National Bank of the Republic, Chicago:

I write to tender my cordial congratulations on the commemoration of the Seventy-fifth Anniversary of THE BANKERS MAGAZINE, in that it seems to have more energy and dynamic force as it grows in age. I am not trying to make a pun when I say

that there is every evidence of its having the progressive spirit of the young man. There are many indications that it is in the heyday of its youth and usefulness, and I wish you and your associates continued success, good health and happiness.

From R. E. Jones, vice-president, Bank of the Manhattan Company, New York:

It is with the greatest interest that I learn of your plans to celebrate the Seventy-fifth Anniversary of your Magazine by the publication of a "Diamond Jubilee Number," and I take pleasure in offering my heartiest congratulations upon your achievements in the past and my very best wishes for a continuation of the effort which has resulted in your splendid Magazine of today.

It seems very fitting that the "Diamond Jubilee Number" should contain articles dealing with the progress of banking during the life of your Magazine, as well as a record of its achievements, with an analysis of present day banking and its association with the country's economic future as related to both domestic and foreign business, all of which should prove of the greatest interest to your banker friends. In these days it is refreshing to feel that the energy, ability and foresight of such a constructive force as is exerted by your publication should be directed to the encouragement of better and more conservative banking policies in the future.

From Edwin W. Robertson, president, National Loan and Exchange Bank of Columbia, S. C.:

I have been a reader of your Magazine for many years, and wish to extend my heartiest good wishes for the future of your Magazine. It has served an admirable purpose. May it live long to continue to be the banker's real friend.

From S. G. Bayne, president Seaboard National Bank, New York:

As this is the Seventy-fifth Anniversary of your publication, I wish to compliment you upon the success you have attained in publishing a magazine that has always served the interest of the financial community in a creditable manner.

From Walter E. Frew, president, Corn Exchange Bank, New York:

Permit me to extend my congratulations on your Seventy-fifth Anniversary and to express my best wishes for your continued success.



Wall Street in 1846

Two Views of Wall Street

THE two views of Wall Street shown herewith illustrate in a very striking way, the remarkable changes that have taken place during the past seventy-five years. The illustration above shows Wall Street in 1846 when *THE BANKERS MAGAZINE* was first published. The view on the opposite page shows Wall Street as it appeared on Labor Day, 1921.

The 1846 picture shows the Bank of New York, The Bank of America, the Merchants Bank and the Bank of the Manhattan Company all of which institutions still occupy the same sites except that the Merchants Bank has been merged with the Bank of the Manhattan Company.

The 1921 picture shows the present homes of Brown Bros. & Co., the Metropolitan Trust Company, the Park-Union Foreign Banking Corporation, J. & W. Seligman & Co., the New York Life Insurance and Trust Company, the National City Company, The Bank of New York, The Bank of America, the Bank of the Manhattan Company, the Merchants Bank of Canada, the National City Bank, United States Trust Company, and the Equitable Trust Company.

Wall Street today as in 1846 is the financial center of the country, only on a far larger scale and today in addition to being the headquarters of American finance it is the financial hub of the entire world.



Wall Street on Labor Day, 1921

Banks That Have Stood the Test of Time

Some Historic Banks

ON the following pages there appear the advertisements of some of the oldest and strongest banks in the United States. Not one of them is less than seventy-five years of age. Through the wars, panics, floods, depressions and boom periods of the years of America's making they have passed without faltering. During all this time they have gained the rich experience that comes from age and yet all of them still have the youthful vision without which no institution can progress.

THE BANKERS MAGAZINE is glad to hail them as contemporaries and to halt long enough at the three-quarter century mark to extend to them the cordial congratulations of a fellow traveller in the March of Progress.

The Editor

1825 - 1921

For nearly a century
this bank has served
the best interests of
its community.

Today with increased
resources it is
equipped to render
prompt and efficient
banking service.

**The First
National Bank
Skowhegan, Maine**

Established 1825



**Feeding Fourteen
Million Persons**

Fourteen million persons depend on the New York wholesale district for food; \$400,000,000 worth of fruits and vegetables pass through it yearly. Such a mighty contribution of American farms requires exceptional New York banking facilities, so well supplied by this bank because of its extensive clientele in this very district. Service is individualized here. Write us about your particular requirements.

**ATLANTIC
National Bank**
257 Broadway - Opposite City Hall
NEW YORK CITY

**State Charter
1834**

**National Charter
1872**

THE BANK OF CHARLESTON was chartered
in 1834, to take over the business of the
liquidating BANK OF THE UNITED STATES.

The Bank was inactive from 1865 to 1872, when
it was incorporated as a National Bank, and
opened for business subject to liability for its
ante-bellum note issue, in satisfaction of which, on
demand, thousands and thousands of dollars have
been paid.

Capital \$1,000,000

Surplus and Profits \$1,000,000

Bank of Charleston, N. B. A.
Charleston, S. C.



Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

I UNDERSTAND that many banks, particularly small ones, run their safe deposit departments either at a loss or with a negligible amount of profit. They look at the department merely as a part of the "service" of the bank. Seems to me this is a mistake. People are willing to pay for real service and the safe-deposit department service can easily be sold, even in a small town, by means of well-planned advertising.

The banking profession had its full quota in the big war, and these soldier-bankers are better bankers for having been soldiers. They have rubbed elbows with their fellow men in a way they never would have done at home; they have broadened their understanding of their fellow-men. They are better bankers and they made good soldiers while they were at it. I know whereof I speak for I have met a great many of them.

It is doubtful if any branch of advertising is making more rapid strides than bank advertising. Real copy containing plenty of punch together with the proper amount of dignity, is being put out by the young men who are going more and more into this branch of the work. And it pays! Ask any banker whose institution is doing real, live advertising.

I heard the "boy" in the bank refer to the institution as "our bank" the

other day. The whole institution is so thoroughly imbued with that spirit that even the boy had caught it.

I went into a bank the other day, where I was fairly well known, but I encountered a stranger at the window where I presented a check to be cashed. He, very rightly, asked for identification. I was much impressed by the way he did it. There was nothing apologetic or hesitating about it and yet there was nothing at which I could possibly take the least offense. He had the happy faculty of saying just the right thing in just the right way.

The old-time banks—the banks of fifty or seventy-five years ago—were fine institutions, but most of them were built up by and around some one dominant personality rather than an organization. The chief fault of the old plan was that the "head of the bank" was very likely to become domineering, purse-proud and so self-important that his attitude toward the public was, more often than not, very unpleasant, to say the least. His ability, however, was unquestioned. But the banks of today, built around organizations, headed by men who know the value of service and courtesy, have attained a size and importance that the old-time bank never could have attained by its methods. The bank of today "goes to the public" while the old-time bank made the public (I almost said "dared" the public) to come to it.

American Bankers Association

CONVENTION

**THE BANKERS
MAGAZINE**

SECTION

Los Angeles, 1921

The Chase National Bank

OF THE CITY OF NEW YORK

57 BROADWAY

Capital	- - - - -	\$15,000,000.00
Surplus and Profits	- - - - -	20,578,000.00
Deposits (Sept. 6, 1921)	- - - - -	290,959,000.00

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WE RECEIVE ACCOUNTS OF BANKS, Bankers, Corporations, Firms or Individuals on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

Through its Trust Department, the Bank offers facilities as: Trustee under Corporate Mortgages and Indentures of Trust; Depositary under reorganization and other agreements; Custodian of Securities and Fiscal Agent for Corporations and Individuals; Executor under Wills and Trustee under Testamentary Trusts; Trustee under Life Trusts.

FOREIGN EXCHANGE DEPARTMENT



ORGANIZED in 1900.
The Franklin National
Bank of Philadelphia has
attained a remarkable growth
through service to the banking
and business interests of the
United States.

Today, with total resources of
over sixty-five million dol-
lars, and increased facilities
gained through nation-wide
and foreign connections, this
bank is prepared to give, in
even larger degree, the same
efficient and courteous service
as in the past.

All branches of foreign bank-
ing are transacted. Travelers'
Letters of Credit are issued.

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J. A. HARRIS, JR.
Vice-President
J. WM. HARDT
Vice-Pres. and Cashier
E. E. SHIELDS
Assistant Cashier
W. M. GEHMANN, JR.
Assistant Cashier
M. D. REINHOLD
Assistant Cashier

FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital	-	-	-	-	-	\$1,000,000
Surplus and Profits	-	-	-	-	-	5,500,000
Resources over	-	-	-	-	-	65,000,000

Los Angeles

The American Bankers Association 1921 Convention City

By George R. Martin

Manager Bond Department, Security Trust and Savings Bank of Los Angeles

FROM out the East will come to Los Angeles in October the wise men of the country's financial world for a council on the economic and fiscal problems now facing the United States. Perhaps no other convention of the American Bankers Association has had to seek a solution for problems of such overshadowing importance to America's welfare as will confront this convention of 1921. It is thus of unusual significance that the Association, whether by chance or design, should have selected for the convention the one spot in the whole country where there has been practically no suffering from post-war reactions, where a spirit of optimism prevails, and where potentialities exist for the development of a Western Metropolis of a million people, a Pacific capital of commerce, finance and industry, a world city located at a strategic point on the world's greatest ocean.

The country's leaders in finance and business who come to Los Angeles in the fall will find that its claims to coming greatness are not based upon idle dreams of impractical visionaries, but founded upon concrete statistics, as well as upon far-seeing plans of constructive builders. They will find an area rich in vast stores of hydro-electric energy, both developed and potential, which will provide the motive power for a multitude of plants and factories. They will find a region of abundant agriculture, with possibilities of still greater abundance waiting upon the development and extension of great irrigation projects. They will find a harbor, a port, an ocean terminal, skillfully built despite physical obstacles, centrally located with reference to trade routes, which will some day be the chief gateway for the great volume of commerce across the Pacific. In short,

they will find the answer to the question: Why has Los Angeles become tenth city in the United States, both in population and industry?

Population, cheap power, proximity to the most essential basic resources, rail and water transportation, available capital for investment, climate and water supply are the most essential factors in the industrial development of our modern communities. Population affords industry an adequate labor supply. Moreover, it provides industry with an expansive local market for its production. Cheap power is of tremendous advantage, not only because it reduces to a minimum the cost of operation of factories and manufacturing plants and mining industries, but because it has become a vital factor in turning the wheels of our railroads and a necessity in every home. Basic resources are an irresistible magnet in attracting industry. This is another way of saying that industry gravitates to the city or section of the country "where nature helps industry most" as they say it in Los Angeles. Rail and water transportation facilitate the movement of raw materials and bring industry close to the markets which are to purchase the finished products. Availability of capital for investment gives industry the ability to properly finance itself, to a large extent at least, out of the accumulated savings of the community it serves, and insures for it an increasing share of community interest, community pride, and community business. A favorable climate means more ideal working conditions in factory and mine—a long step toward labor contentment. The importance of water is found in the statement of one of the country's largest manufacturers, when asked why he chose Los Angeles for



Skyline View of a Portion of

his Pacific Coast Auxiliary manufacturing plant—"because Los Angeles has the only supply of fresh water sufficient for our needs."

These, in different combinations, have been the contributing factors to the industrial growth of our eastern cities. With the same irresistible force they have been the factors which have contributed most to the amazing industrial growth of Los Angeles. Never before have they been so favorably and opportunely assembled to the resulting benefit of one locality as in Los Angeles. They

have been the factors which have won for Los Angeles first place in industry in the West and tenth in the United States. They are the factors which more and more are giving Los Angeles a commanding position among Eastern and Middle Western manufacturing industries and concerns as they realize more fully the definite trend of manufacturing to the Pacific Coast.

Increasing freight rates have hastened this Western movement in manufacturing. It has been found that a fair and satisfactory margin of profit can



The Ambassador Hotel, Delegates' Headquarters



the Los Angeles Business District

be obtained in the West from goods that have been manufactured in the West. The manufacturer in the East or the consumer in the West, one or the other, or both, must pay the cost of shipping raw materials from the West to the East to be manufactured and the cost of shipping the finished goods back to the West for consumption. The West hereafter is going to manufacture in increasing volume its own goods, and it begins to look as if competition will force the Eastern

manufacturer to become a Western manufacturer as well.

Thirty years ago the city of Los Angeles had a population of less than 50,000. Ten years later, its people numbered twice that figure. In the next ten years the population had increased to over 300,000, and by 1920, according to the United States Census, had increased to 576,673, a gain of 80.3 per cent. over the previous ten years, giving it the rank of tenth city in the United States in population, and the largest city by 70,000 west of St.



American Bankers Association Convention, 1921

Any bank

can receive items for collection.

It requires one alert and active
to make returns promptly.

This is no time to delay such
collections; send them to the

**Corn Exchange National Bank
Philadelphia**





1. Loading oranges in Los Angeles harbor. 2. Scene in Los Angeles inner harbor. 3. Municipal docks and storage houses in Los Angeles harbor, taken from an Airship. 4. Portion of the Los Angeles aqueduct. 5. Dry dock in Los Angeles harbor. 6. Loading Cotton in Los Angeles harbor. 7. Outer harbor of Los Angeles.

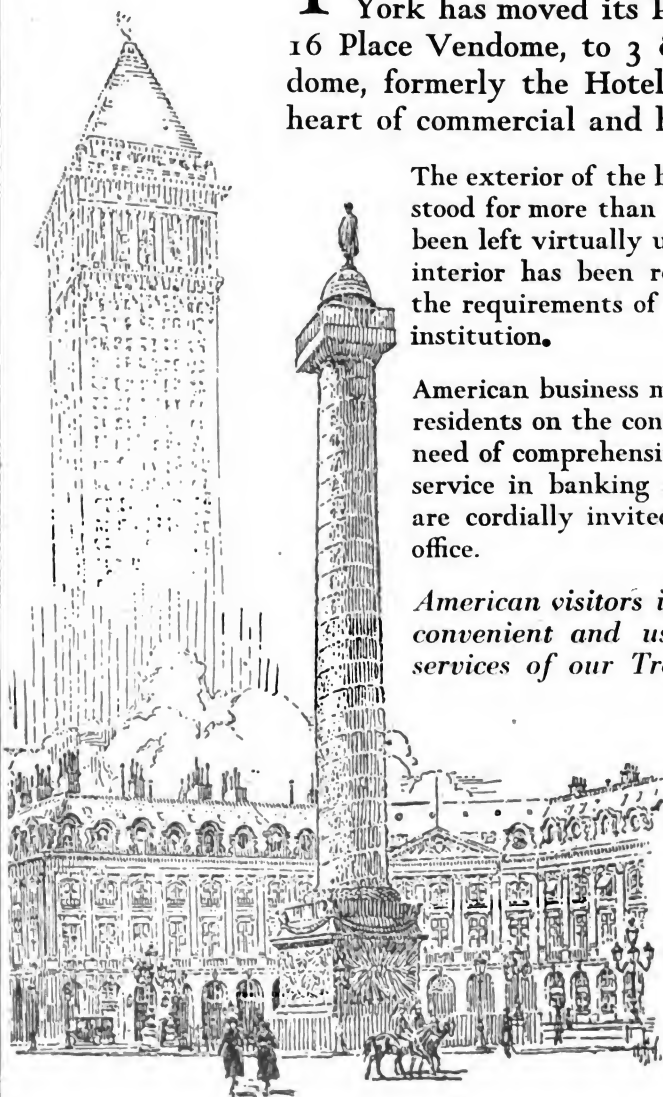
BANKERS TRUST COMPANY OPENS NEW PARIS OFFICE

THE Bankers Trust Company of New York has moved its Paris Office from 16 Place Vendome, to 3 & 5 Place Vendome, formerly the Hotel Bristol, in the heart of commercial and historic Paris.

The exterior of the building, which has stood for more than two centuries, has been left virtually unchanged, but the interior has been remodeled to meet the requirements of a modern banking institution.

American business men, travelers, and residents on the continent, who are in need of comprehensive and responsible service in banking and trust matters are cordially invited to use our Paris office.

American visitors in Paris will find convenient and useful the special services of our Travel Department.



3 & 5 Place Vendome, Paris

Louis. During the same period the population of Los Angeles County increased from 504,131 in 1910 to 900,000 in 1920, or a gain of 85.8 per cent. The growth and development of the country districts have therefore more than kept pace with the city.

Why have so many thousands of people from every part of the United States and Canada come to Los Angeles and vicinity to reside? They may have come to Los Angeles because it is a city of homes—homes of the most surpassing beauty of every type from cottage to castle with lawns that are green the year round and with flowers, trees, palms and shrubbery everywhere. They may have come because of Los Angeles schools, undoubtedly the best built and best equipped in America. They may have come because of the city's two great universities or its colleges of learning, business, music and art. Los Angeles pays a larger per capita tax for education than any other city in the United States. They may have come for business or professional reasons, or to become active owners of the famous and profitable citrus or walnut groves near the gates of the city. They may have come to live in a land of almost perpetual sunshine and to be near the mountains and the sea, where both conspire to keep the city and its countryside warm in winter and cool in summer. Los Angeles is both a winter and summer resort and from 200,000 to 300,000 tourists come to this city annually to spend their winters or their summers. They may have come because of a love for sports. No city anywhere offers such advantages. If motorists cannot be satisfied with a drive over a part of the city's 1,200 odd miles of paved boulevards, they can drive over the most highly improved highways in the United States, stretching in every direction from the heart of Los Angeles to the mountains, to picturesque valleys or to the ocean, and stop on the way to fish or hunt or for a game of golf or for a tramp on the beach or in the hills or the mountains. For whatever reason they may have come, the important fact is—they have come; and

in larger numbers every year. If they continue to come at the same rate, another thirty years will find Los Angeles among the largest cities of the world.

Undoubtedly nothing has contributed more to the industrial prosperity of Los Angeles than its favorable labor situation. Men and women who work with their hands are sure to be more than ordinarily contented under such ideal climatic and general living conditions as prevail here, but far more important is the fact that Los Angeles thoroughly believes in the open shop, and has given convincing proof of its determination and its ability to defend this principle. This has attracted the highest type of American workingman; the man with brains and initiative; the man who has broken away from the restraint imposed upon him in the strongly unionized centers of the country, and has found in Los Angeles industrial freedom, an opportunity to develop his thought and his individuality.

Los Angeles's growth industrially has been commensurate with its growth in population. Figures given out by the Chamber of Commerce show that Los Angeles has 3,500 manufacturing establishments, of which 425 were established in 1920. These employ 125,000 workmen who are paid monthly more than \$11,000,000. According to Government reports the value of the products from these industries in 1919 was \$618,772,520, in contrast to \$68,586,000 in 1909, and \$15,134,000 in 1900.

While the motion picture industry is a real asset to the city and represents a large capital investment, its monthly payroll is less than one-tenth that of the total of such industries as the oil, ship building and electrical machinery industries, the fishing and canning industries, the textile, tire and allied industries, the aeroplane industry, the furniture, house furnishings, china and cut glass industries, and the felt and wearing apparel industries, the latter covering the field for men, women and children. Los Angeles is generally conceded to be the largest clothing manufacturing center West of Chicago; it has the largest tire and

YOURS TO COMMAND

The facilities and experience of this Company are at all times at the command of out-of-town Trust Companies, Banks and Bankers desiring to establish connections in New York City.

Requests for stock and bond quotations, credit information, and data respecting all general banking and trust matters will be given the prompt personal attention of our executive officers.

Interest credited monthly on daily balances

Four Offices in Manhattan

55 Cedar Street
Broadway at 73rd St.
Madison Ave. at 75th St.
125th St. at Eighth Ave.

UNITED STATES
MORTGAGE & TRUST COMPANY

Capital and Surplus, \$6,000,000

NEW YORK



1. Union Oil Building, home of Guaranty Trust and Savings Bank. 2. First National Bank of Los Angeles.
3. Los Angeles Trust and Savings Bank. 4. Security Building, home of Security Trust and Savings Bank. 5. Pacific Mutual Building. 6. International Bank Building. 7. California Bank, Eighth at Broadway, Los Angeles. 8. Commercial National Bank Building.
9. Farmers and Merchants National Bank Building.



*Union Bank of Canada
Montreal*

Foreign Banking Service in Canada's Commercial Capital

The Union Bank of Canada placed the headquarters of its Foreign Department in Montreal because at this point it is best able to serve business men interested in Canadian-American trade.

Private wire connections with branch offices in New York, Toronto, Winnipeg and Vancouver enable this office to keep closely in touch with conditions in both Canada and the United States. Its operations in the exchange markets of Canada, the United States and Great Britain enable it at all times to handle foreign exchange business at the closest possible rates.

A Canadian Bank for Canadian Business

Union Bank of Canada

49 Wall Street, New York, N. Y.

Resources \$169,000,000



rubber company in the West, and is a fast growing distributing and manufacturing center of electrical machinery and devices. It is also within a few hours ride by automobile of oil fields producing nearly one-third of the total oil supply of the United States. Production during 1920 was in excess of 100,000,000 barrels. Within the oil zone there are a number of oil refineries—one alone in Los Angeles County has a daily capacity of 30,000 barrels.

The present industrial development of Los Angeles was built mainly on cheap and abundant petroleum. The substantial advantage of cheap power was thus impressed upon the city at an early stage. During the last few years, however, it has become a widely accepted opinion in Los Angeles and Southern California that if the increasing demands for petroleum and its by-products are permitted to go unchecked the oil resources of this country will become practically exhausted within the next generation, and should therefore be conserved as far as practicable for naval requirements and maritime shipping generally.

Realizing that hydro-electric power is the one substitute for petroleum, Los Angeles has set out with characteristic energy to make itself the center of the greatest hydro-electric power development in the world, as it has been one of the greatest oil producing sections of the world. Development of these hydro-electric resources is not intended merely to provide cheap power for manufacturing industry alone, but to afford cheap lighting and heating for the community, and to supply water for domestic and irrigation uses at the lowest possible cost.

The hydro-electric projects now completed, in course of construction and contemplated, are both municipal and corporate. The Los Angeles aqueduct, built at a cost of \$25,000,000, leading from the region of Mt. Whitney and perpetual snows, 250 miles from the city, is the basis of the municipal power development. Not only does the aqueduct supply the city with pure mountain water for domestic use and irri-

gation purposes, adequate for the needs of over 2,000,000 people, but it is also the means of developing for the city 69,500 H.P. hydro-electric power. The program for the city calls for an ultimate development of 250,000 H.P. in the Owens River Valley, which includes



GEORGE R. MARTIN

Manager Bond Department, Security Trust and Savings Bank, Los Angeles

additional development along the aqueduct. At the present time over 500,000 H.P. of electric power are available in Los Angeles and vicinity. Programs of hydro-electric development in the Southwest covering the next ten years involve the expenditure of approximately \$300,000,000.

The Southern California Edison Company now has plants with combined generating capacity of 382,000 H.P., and a connected load of 800,000 H.P., of which 75,000 H.P. is north and 725,000 H.P. is south of the Tehachapi Mountains. The Edison Company has also taken steps toward an \$800,000,000 power development program on the



One of the numerous beach

Colorado River. Besides the present development there is a project calling for 750,000 H.P., within the next fifteen years at a cost of about \$200,000,000 on the upper San Joaquin River and Big Creek. The combined private and municipal projects now in operation, under way and planned for Southern California, including Colorado River plans, approximate 4,000,000 H.P. at a total cost of close to \$1,500,000,000. The greater part of this power will be used in Southern California, and makes of Los Angeles the beneficiary of an almost inexhaustible source of electric power at the lowest possible cost for its agricultural, commercial and industrial needs. Ample provision, however, will be made for power supply and development of Arizona, Nevada, and other sections of the great Southwest. Control of the Colorado River will provide for the irrigation of millions of acres of the richest lands in the country, and the development of power said to be sufficient to operate all of the transcontinental railroads West of the Mississippi, besides supplying the industrial needs of all the cities of the Southwest.

Los Angeles is also the center of a rich agricultural section. Los Angeles County, for several years, has ranked first among all of the counties in the United States in value of crops harvested, and in value of farm lands. Yet, only one-tenth of the area of the county which is susceptible of irrigation and consequent intensive crop production, has thus far felt the magic touch of water. It is only a question of a comparatively few years until all these thirsty acres will be quickened into bountiful production through the application of water, which can profitably be made available through the amplification of the present aqueduct system. Orange County, famous for its citrus and walnut groves and lima bean fields, adjoining Los Angeles County, ranks very close to the top of the list, as does also Imperial County, wherein is located the famous Imperial Valley, the value of whose annual products approximates \$75,000,000, all grown in a region which a few short years ago was a trackless sun-scorched desert. In the whole territory tributary to Los Angeles, the total annual production of natural



resorts in Los Angeles County

products approximates \$480,000,000, of which \$320,000,000 consists of agricultural products and \$160,000,000 of mineral products.

The territory served by Los Angeles is also rich in the basic resources which are—in addition to petroleum—gold, silver, copper, iron, clay, gypsum, lime and many other substances such as silica for glass manufacturing, clay for china manufacturing, pumice, talc magnesite and cement. High-grade iron ore is in such tremendous quantities and is so easily accessible to Los Angeles that the preliminary work incident to the establishment of iron and steel mills at Los Angeles is already under way.

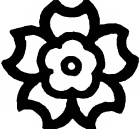
Los Angeles, because of its harbor and other advantages, considers itself the geographical center of the Far West for trade with the West Coast of Mexico and South America, and for trade through the Panama Canal between the Pacific and European ports and ports on the Eastern seaboard of the United States. More than this—Los Angeles considers itself the natural Pacific port for the bulk of the commerce that

in the future will be exchanged between the United States and the uncounted millions in China, Japan, Australia, the Philippines, to say nothing of the peoples of Russia and Siberia. Los Angeles has determined to hold every advantage it has in being situated at the approach to all of these expanding markets and has either spent or appropriated \$20,000,000 for harbor development that will provide adequate facilities for warehousing and docking at lowest possible rates. The city of Los Angeles, by Legislative Act of the State of California, is the owner of Los Angeles Harbor, its shores and tide lands. The city now owns and operates several miles of wharfage which can be indefinitely extended as needed. The present plans for Los Angeles Harbor will produce twenty miles of deep water wharfage.

The shipping through the port of Los Angeles now is averaging more than \$16,000,000 per month or approximately \$200,000,000 per year, an increase of more than 125 per cent. in the last two years. A few years ago Los Angeles Harbor had six steamship lines.

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed		Yen 80,000,000
Capital Paid-Up		Yen 50,000,000
Total Resources		Yen 600,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

Governor, S. MINOBE

Deputy Governor, T. KANO

DIRECTORS

S. OHTA

S. KATAYAMA

S. YOSHIDA

S. KAKEI

Foreign Department: Tokyo

(All communications relating to the arrangements of correspondents and the Bank's general foreign business to be addressed to the Foreign Department)

Principal Branches:

CHOSEN: (*Korea*) Chemulpo, Pyengyang, Wonsan, Fusan, Taiku.

MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung.

JAPAN: Tokyo, Osaka, Kobe, Shimonoseki.

CHINA: Shanghai, Tsingtao, Tientsin, Tsinan.

SIBERIA: Vladivostok.

New York Agency, 165 Broadway

T. Fujimaki, Agent



1. Orange groves with snow-capped mountains in background, near Los Angeles. 2. Los Angeles motion picture studio "on set." Eighty per cent. of the country's total production of films is made in Los Angeles.
3. A portion of the oil producing district within the city limits. 4. One of Los Angeles garment factories, a \$30,000,000 industry. 5. Department store in Los Angeles. 6. Shipment of oranges from Los Angeles to London.



BANCO DI ROMA

ESTABLISHED 1880

HEAD OFFICE: ROME, ITALY

Capital paid up and Surplus \$34,000,000.00

Total Resources \$1,000,000,000.00

(Five Lire—One Dollar)

ITALY'S BUSINESS PROGRESS

The continued, progressive improvement of general business conditions in Italy and the opportunity for International Trade development, especially with the United States, is attracting the attention and interest of wideawake American bankers and business men.

To quote from an address of Richard Washburn Child, American Ambassador to Rome:

"Looking forward America sees for Italy the morning of new opportunities.

"America and American financiers and business men will see that the skilled engineering genius of Italy, her power resources, and above all her resources of eager, healthy human labor will find expression in industrial creativeness.

"We believe that Italy will be a great consumer of raw materials. She will be a converter producing finished products for her own natural markets.

"America has faith that Italy will develop these markets not only to sell her own goods but to act as a middleman for ours.

"We know that she will continue to gain and hold the confidence of those peoples who are her natural customers."

To assist American bankers in keeping accurately informed of Italian affairs regarding banking and general business matters the Banco di Roma has inaugurated the publication of a Monthly Bulletin of current business events in Italy.

Copies of this publication will be forwarded upon request. Kindly address

RODOLFO BOLLA

American Representative

ONE WALL STREET

NEW YORK CITY

Today it has forty-two steamship lines reaching more than one hundred of the most important world ports, and more lines are planning to come to Los Angeles.

Tonnage through the port of Los Angeles has increased more than 100 per cent. within the last two years—the average monthly tonnage passing through the harbor now is more than 375,000 tons. Total tonnage for the fiscal year ending June 30, 1921, was 4,350,000 tons. The commerce passing through the port of Los Angeles consists of numerous raw products and semi-manufactured and manufactured commodities. Iron and steel, lumber and timber, chemicals and fertilizers, rubber, glass, copra, oils, mica, gums, wood pulp, food stuffs, coffee, spices, textiles, fibres, etc., constitute the chief importations, and cotton, petroleum products, citrus fruits, canned and preserved foodstuffs, machinery, automobiles and trucks, rubber tires, drugs and chemicals, clothing, furniture are all exported in large quantities. Los Angeles Harbor received last year over 636,000,000 board feet of lumber products, taking rank as the greatest lumber port in the world. This large supply of raw material has fostered the growth of a furniture manufacturing industry which is now producing products valued at \$20,000,000 per year.

The most efficient harbor conceivable would be useless without corresponding facilities for the transportation of its commodities to and from interior points. Los Angeles is adequately served in this respect, being the terminus of three great transcontinental railroad systems, the Atchison, Topeka & Santa Fe, the Union Pacific and the Southern Pacific. It is thus the natural distributing point for Central and Southern California, Arizona, New Mexico, Nevada and Utah. Los Angeles is also on an equality with other Pacific Coast cities in competition for the trade of Idaho, Montana and Wyoming, which comes through the Salt Lake City-Ogden gateway. In addition, Los Angeles is served by the Pacific Electric Railway, the most extensive inter-urban system in

the world, which covers the surrounding region with a network of 1,100 miles of electric railroads. Within the city a remarkably complete street railway system operates at the old familiar five-



MOTLEY H. FLINT

Vice-President, Los Angeles Trust and Savings Bank
Chairman Convention Entertainment Committee

cent rate now almost a solitary distinction.

In wealth as represented by assessed valuation, Los Angeles, with a total assessed valuation of \$636,147,965, is in a class with St. Louis and Pittsburgh. And the county which bears its name is one of the wealthiest counties in the United States, having an assessed valuation of \$1,207,686,344, which exceeds the official valuations of whole states such as Alabama, Arizona, Arkansas, Delaware, Florida, Georgia, Idaho, Kentucky, Maine, Mississippi, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Oregon, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia, Washington and Wyoming.

Los Angeles has twenty-five banks



Empire Trust Company

MAIN OFFICE

120 Broadway, New York

FIFTH AVENUE OFFICE

580 Fifth Avenue, Corner 47th Street

LONDON OFFICE

41 Threadneedle Street, E. C.

This Company is the Fiscal Agent of the State of New York for the sale of Stock Transfer Tax Stamps

with an aggregate capital, according to the July 1, 1921, bank statements, of \$24,268,800, surplus and undivided profits of \$18,852,246, deposits \$446,952,551, total resources \$516,907,825. Ten years ago Los Angeles bank deposits were only \$123,000,000; twenty years ago \$24,000,000.

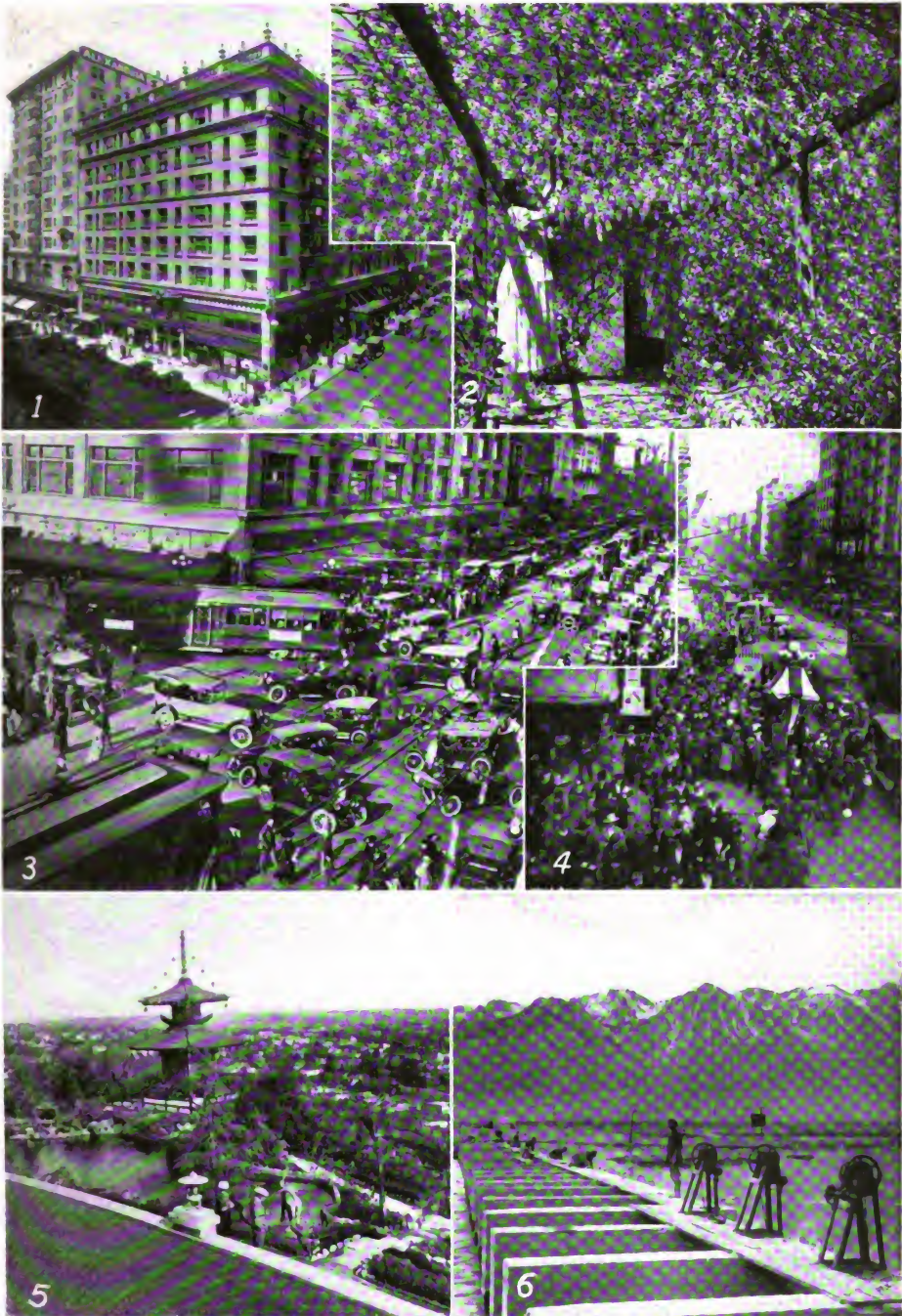
Bank clearings have increased from \$1,449,182,880 (year ending July 1, 1917) to \$4,147,139,752 (year ending July 1, 1921)—a gain in four years of \$2,698,000,000 or 186 per cent. During the same period bank deposits increased \$197,500,000—a gain of 79 per cent. Even in the period of depressed business conditions and declining prices which the country as a whole has experienced during the year July 1, 1920, to July 1, 1921, bank deposits show a gain of \$37,555,090, in contrast to the decline in deposits which has taken place in many parts of the country. So consistent has been the gain in clearings and deposits it is fully expected that in five years Los Angeles will be the dominating financial center of the West.

In the period from July 1, 1917 to

July 1, 1921, post office business increased from \$2,529,172 to \$4,581,165; building permits increased in number from 3,605 to 30,984, and in value from \$11,725,706 to \$70,128,448—a gain within four years of 760 per cent. in number and 590 per cent. in value of permits. During the first five months of 1921, building permits totaled \$38,032,981. In May of this year Los Angeles was second only to New York in value of its building permits, amounting to \$7,433,760.

It is no more than the simple truth to say that in Southern California and the territory directly tributary to Los Angeles every element essential to present day civilization invites the hand and brain of man. Too young commercially to have a past, the city looks only into the future, and the vision inspires hope and confidence.

Whether those who come will dwell in the stately mansion on the boulevard, or the vine covered cottage by the winding drive, Los Angeles extends the same cordial invitation to all, and has flung wide her gates in welcome.



1, The Alexandria Hotel, Los Angeles. 2. How wisteria grows in Los Angeles. 3. Seventh and Broadway in Los Angeles retail district. 4. Fifth and Broadway in Los Angeles business district. 5. Japanese gardens in Los Angeles, showing only genuine Japanese pagoda in the United States. 6. Source of the Los Angeles water system.



A. J. WATERS



J. A. GRAVES



J. F. SARTORI



M. N. AVERY



H. M. ROBINSON

© UNDERWOOD & UNDERWOOD, N. Y.


SOME PROMINENT LOS ANGELES BANKERS

Mr. Waters is President of the Citizens National Bank. Dr. Avery is President of the Guaranty Trust and Savings Bank. Mr. Graves is President of the Farmers and Merchants National Bank.

Mr. Sartori is President of the Security Trust and Savings Bank. Mr. Robinson is President of the First National Bank and the Los Angeles Trust and Savings Bank

THE
BANKERS SERVICE CORPORATION
OF NEW YORK

YOUR PROBLEMS
OUR BUSINESS

UR organization of over a hundred men has for more than ten years devoted its energies exclusively to deposit building for Banks.

By applying good business sense to our clients' problems, we have had the pleasure of seeing some of them multiply their deposits more than tenfold.

We do not experiment with untried schemes, but if you are open to apply practical measures to increasing your deposits, then we are seeking to prove our efficiency to you by **GUARANTEEING RESULTS**.

CORRESPONDENCE INVITED WITHOUT OBLIGATION

THE BANKERS SERVICE
CORPORATION OF NEW YORK

19-21 WARREN STREET NEW YORK CITY

W. LEONARD · WESTERN REPRESENTATIVE
668 PHELAN BUILDING · SAN FRANCISCO · CAL.



In Our New Home

we will have safe deposit and storage vaults unexcelled by any bank in the Metropolitan area—all conveniently located just across the river from down-town Manhattan.

To provide adequate banking facilities of all kinds to merchants and manufacturers has been the constant aim of this bank.

Resources Over \$14,000,000

**THE FIRST NATIONAL BANK
OF JERSEY CITY**

Attractive Tours Arranged to Los Angeles

THE transportation committee of the New York State Bankers Association has arranged for two tours for those attending the convention, one short and another for a longer period. They are said to be the most complete tours ever arranged to the Pacific Coast.

The equipment of the trains will consist of modern all-steel drawing-room compartment, dining, club and observation cars with services of valet, barber and maid.

These tours are arranged on the all-expense plan and include round-trip railroad and Pullman transportation, side-trips, hotel rooms (except at Los Angeles), all meals (except at San Francisco and Los Angeles) transfers of passengers and baggage, sight-seeing in touring cars; in fact all necessary expenses other than indicated above.

Tour A leaves New York on September 16 and Tour B on September 21. The itineraries of the two trips follow:

ITINERARY

SCHEDULE OF TOUR A—RED SECTION

Friday, September 16:

Lv. New York (New York Central)	
Grand Central Terminal (Eastern Time)	2.00 p. m.
Lv. Albany	5.10 p. m.
Lv. Utica	7.10 p. m.
Lv. Syracuse	8.30 p. m.
Lv. Rochester	10.25 p. m.
Dinner in dining car.	

Saturday, September 17:

Lv. Buffalo (Clinton street)	12.05 a. m.
Ar. Chicago (Central Time)	2.00 p. m.
Breakfast and luncheon in dining car.	
Dinner Hotel Drake.	
Lv. Chicago (c. & N. W. Ry.)	8.30 p. m.

Sunday, September 18:

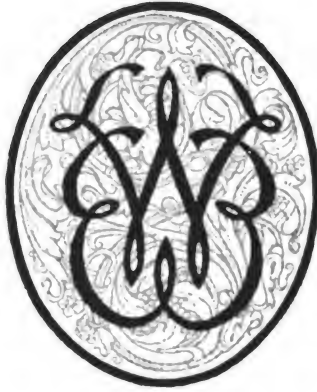
Ar. St. Paul	8.30 a. m.
Breakfast in dining car.	
Automobile tour of Twin Cities.	
Luncheon Hotel Radisson.	
Entrain at Minneapolis.	
Lv. Minneapolis (SOO LINE)	5.00 p. m.
Dinner in dining car.	

Monday, September 19:

Ar. Portal	10.00 a. m.
Lv. Portal (C. P. Ry.) (Mountain Time)	9.30 a. m.
Ar. Moose Jaw	3.20 p. m.
Breakfast, luncheon and dinner in dining car.	



Gateway to the Garden of the Gods, Pike's Peak in the distance



EXHIBITS of the advertising of seven of our clients (listed below) will be shown at the American Bankers Association Convention in Los Angeles, October 3rd to 8th.

American Security and Trust Company, Washington, D.C.
The Bank of America, New York City
Bankers Trust Company, New York City
(one panel devoted to A.B.A. Cheque Advertising)
Continental and Commercial Banks, Chicago
First Wisconsin National Bank, Milwaukee
National Park Bank, New York City
Union and Planters Bank and Trust Company, Memphis

These displays indicate the quality of our assistance to financial institutions in advertising matters.

You may also be interested in a booklet (just off the press), "Follow the Lead of Leading Banks", which contains reproductions of more than thirty representative newspaper and magazine advertisements prepared for our clients. A copy is ready to go to you upon request.

Our services are adequate to cover the needs of the largest financial institutions and are applicable, as well, to the bank with a moderate advertising appropriation.

EDWIN BIRD WILSON **INCORPORATED**

9 Hanover Street
New York City

81 E. Madison Street
Chicago, Ill.



Banff nestles in the Canadian Rockies and mountains are on all sides, capped with snow

Tuesday, September 20:

Ar. Medicine Hat 1.30 a. m.
Ar. Banff 11.55 a. m.
Breakfast in dining car.
Luncheon, dinner and rooms Hotel Banff.

Wednesday, September 21:

Lv. Banff 11.45 a. m.
Breakfast Hotel Banff.
Luncheon in dining car.
Ar. Lake Louise 1.15 p. m.
Dinner Chateau Louise. Retire on train.

Thursday, September 22:

Lv. Lake Louise 6.00 a. m.
Ar. Field 7.15 a. m.
Lv. Field (Pacific Time) 6.25 a. m.
Ar. Glacier 10.30 a. m.
Ar. Revelstoke 12.35 p. m.
Ar. Kamloops 6.15 p. m.
Ar. Ashcroft 8.15 p. m.
Entire day through the Canadian Rockies.
Breakfast, luncheon and dinner in dining car.

Friday, September 23:

Ar. Vancouver 7.40 a. m.
Breakfast in dining car.
Lv. Vancouver (C. P. Ry. Steamer
"Princess Charlotte") 10.30 a. m.
Ar. Victoria 3.00 p. m.
Luncheon on steamer.
Automobile trip around the city.
Lv. Victoria 4.30 p. m.
Dinner on steamer.
Ar. Seattle 9.15 p. m.
Rooms New Washington Hotel.

Saturday, September 24:

Lv. Seattle (Nor. Pac. Ry.) 11.40 p. m.
Breakfast, luncheon and dinner New
Washington Hotel.
Automobile trip of city and suburbs in-
cluding Multnomah Falls.

Sunday, September 25:

Ar. Portland 6.45 a. m.
Breakfast, luncheon and dinner Hotel
Benson.
The famous Columbia River Drive.
Lv. Portland (Southern Pacific R.R.) 11.45 p. m.

Monday, September 26:

Ar. Shasta Springs 5.45 p. m.
Lv. Shasta Springs 6.15 p. m.
View of Mt. Shasta.
Breakfast, luncheon and dinner in dining
car.

Tuesday, September 27:

Ar. Oakland 8.30 a. m.
Lv. Oakland (Ferry) 8.35 a. m.
Ar. San Francisco (Market street) 9.00 a. m.
Breakfast in dining car.
Rooms, Hotel St. Francis.

Wednesday, September 28:

Lv. San Francisco (Market st. ferry) 8.00 p. m.

Thursday, September 29:

Ar. El Portal (Yosemite Valley R.R.) 5.45 a. m.
Breakfast in dining car.
Half of party goes to Mariposa Big Trees
and Glacier Point 7.00 a. m.
Balance of party goes to Yosemite Lodge
and tours Upper and Lower Val-
leys 7.45 a. m.
Luncheon and dinner in Yosemite Park.
All rooms at Yosemite Lodge.

UNION NATIONAL BANK

"Where Arch Street Crosses Third"
IN PHILADELPHIA

Resources More Than \$19,000,000

J. S. McCULLOCH
President

HENRY F. MITCHELL
Vice-President

O. STUART WHITE
Assistant Cashier

LOUIS N. SPIELBERGER
Vice-President and Cashier

FREDERICK FAIRLAMB
Assistant Cashier

SAMUEL CAMPBELL
Assistant Cashier

HENRY B. REINHARDT
Assistant Cashier

International Acceptance Bank, Inc.

31 Pine Street, New York

Conducts Financial Transactions of an
International Nature

Dollar Acceptance Credits Opened
Foreign Credits Opened On All Parts of the World
Bills of Exchange Negotiated and Collected
Foreign Exchange Bought and Sold
Drafts Issued and Telegraphic Transfers Effected

PAUL M. WARBURG
Chairman of the Board

DANIEL G. WING
Vice-Chairman of the Board

F. ABBOT GOODHUE
President

Capital and Surplus Subscribed
\$15,250,000

Friday, September 30:

Second half of party goes to Mariposa
Grove and Glacier Park..... 8.00 a. m.
First half take tour Upper and Lower
Valleys.

All meals Yosemite Park.

Lv. El Portal (Yosemite Valley R.R.) 10.00 p. m.

Saturday, October 1:

Ar. Del Monte (Southern Pac. R. R.) 9.00 a. m.
Breakfast in dining car. Luncheon and
dinner, Hotel Del Monte. Seventeen-mile
shore drive to Pacific Grove.
Retire on train.

Lv. Del Monte 11.30 p. m.

Sunday, October 2:

Ar. Santa Barbara 7.30 a. m.
Breakfast and luncheon at Hotel Arling-
ton. Drive to Old Missions and the
Beaches.

Lv. Santa Barbara 2.00 p. m.
Ar. Los Angeles 5.30 p. m.

Guests of the tour will arrange their own
hotel accommodations for period of the
convention.

Monday, October 3:

Tuesday, October 4:

Wednesday, October 5:

Thursday, October 6:

Friday, October 7:

Attending the convention.

Friday, October 7:

Retire on train.

Saturday, October 8:

Lv. Los Angeles ("Santa Fe")..... 2.00 a. m.
Ar. Riverside 6.00 a. m.

Breakfast, Mission Inn. Auto drive to
Summit Rubidoux Mountain via Mag-
nolia avenue thence to Smiley Heights
(Redlands) and San Bernardino.

Lv. San Bernardino 11.59 a. m.
Ar. The Needles 7.00 p. m.

Luncheon and dinner in dining car.

Sunday, October 9:

Ar. Grand Canyon (Mountain Time)..... 6.45 a. m.
Breakfast, luncheon and dinner Hotel
El Tovar.

Lv. Grand Canyon 10.00 p. m.

Monday, October 10:

Ar. Williams 1.00 a. m.
Lv. Williams 1.30 a. m.
Ar. Isleta 1.30 p. m.

Visit Indian Pueblo.

Lv. Isleta 2.00 p. m.
Ar. Albuquerque 2.40 p. m.

Visit Harvey Indian Museum.

Lv. Albuquerque 4.00 p. m.
Breakfast, luncheon and dinner in dining
car.

Tuesday, October 11:

Lv. Dodge City (Central Time)..... 10.10 a. m.
Ar. Kansas City 8.00 p. m.
Lv. Kansas City 8.15 p. m.

Breakfast, luncheon and dinner in dining
car.

Wednesday, October 12:

Ar. Chicago 9.00 a. m.
Breakfast in dining car. Lake Shore
Automobile Drive. Luncheon, Edgewater
Beach Hotel.

Lv. Chicago (New York Central) (La Salle St.
Station) 5.30 p. m.
Dinner in dining car.

TRUST BUSINESS IN MASSACHUSETTS

can be placed in charge of the Boston Safe Deposit and Trust Company with the assurance that it will be handled for you in the most careful and profitable manner. Since 1875 this Company has been serving in all capacities of trust and in that time has built up a reputation for effective, conservative handling of business for individuals and corporations.



We act as agent, attorney, custodian of property, executor, and trustee under will and trust agreements. We invite individuals and corporations to consult our officers about personal or corporate trust business. When you are in Boston we invite you to call at our offices.

BOSTON SAFE DEPOSIT & ≈ TRUST COMPANY ≈

Charles E. Rogerson, President

100 FRANKLIN STREET

At ARCH and DEVONSHIRE STREETS

Boston 6

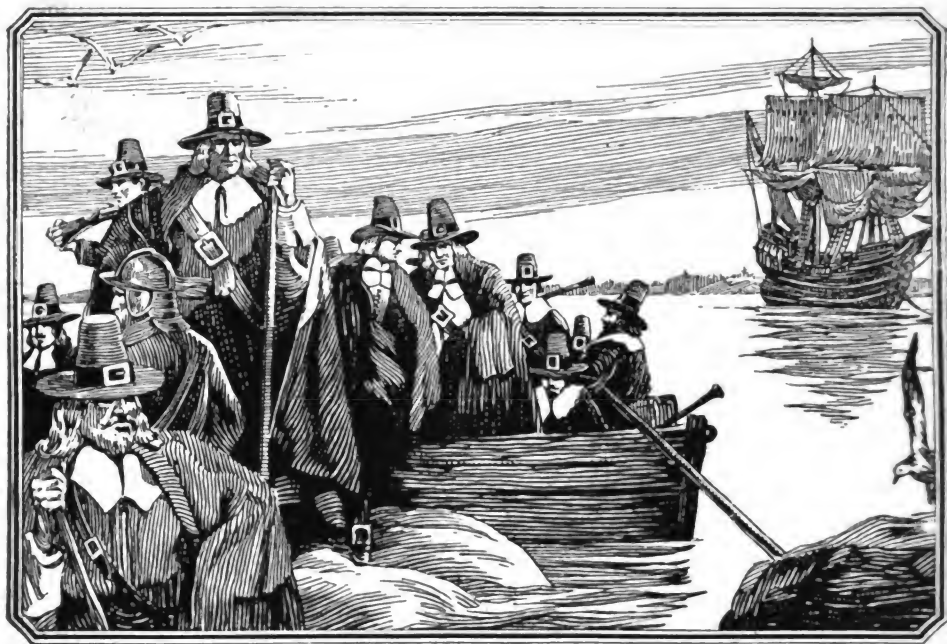
We have over 600 trusts aggregating \$60,000,000, the result of our 40 years' experience in managing trust business



Midway Point on the 17-mile Drive to the Sacred Cypress Trees, Del Monte



Lake Louise is a mirror-like sheet of water among the mountain peaks



The Dawn of a New Era

ON a chill December day, 1620, the Pilgrims landed on the snow-clad New England shore; and, according to Governor Bradford's account, "Ye 25 day begane to erecte ye first house for comone use to receive them and their goods".

This marked the beginning of a new era. Three centuries of progress have gone far to justify the hopes of these founders of the early New England colonies.

The New England *we* know is not a land of hardship. It is a center of prosperous industry whose greatest development is still to come.

In commemoration of the First Landing in 1620, we have prepared an illustrated historical brochure—"*New England—Old and New*". We shall be glad to mail you a copy on request.

OLD COLONY TRUST COMPANY
 52 Temple Place 17 Court Street 222 Boylston Street
BOSTON

A Cordial Bank



**A Bank for
the Builders
of Business**

depends not so much
on smiling faces as
upon the *will to be*
helpful.

**GARFIELD
NATIONAL BANK**

**FIFTH AVENUE
WHERE 23RD STREET
CROSSES BROADWAY
NEW YORK CITY**

Thursday, October 13:

Ar. Buffalo (Clinton Street) (Eastern Time)	7.20 a. m.
Ar. Rochester	8.45 a. m.
Ar. Syracuse	10.40 a. m.
Ar. Utica	11.55 a. m.
Ar. Albany	2.00 p. m.
Ar. New York (Grand Central Terminal)	5.25 p. m.
Breakfast and luncheon in dining car.	

SCHEDULE OF TOUR B—WHITE SECTION

Wednesday, September 21:

Lv. New York (New York Central Grand Central Terminal (Eastern Time)	2.45 p. m.
Lv. Albany	5.49 p. m.
Lv. Utica	7.41 p. m.
Lv. Syracuse	8.53 p. m.
Lv. Rochester	10.23 p. m.
Lv. Buffalo (Clinton street)	11.54 p. m.
Dinner in dining car.	

Thursday, September 22:

Ar. Chicago (51st. st.)(Central Time)	9.30 p. m.
Lv. Chicago (Rock Island R. R.).....	9.45 a. m.
Ar. Omaha	11.45 p. m.
Lv. Omaha (C. B. & Q. R. R.).....	11.55 p. m.
Breakfast, luncheon and dinner in dining car.	

Friday, September 23:

Ar. Denver (Mountain Time)	2.15 p. m.
Breakfast and luncheon in dining car. Auto drive around the city and suburbs. Dinner, Brown Palace Hotel.	
Lv. Denver (D. & R. G. R. R.).....	11.59 p. m.

Saturday, September 24:

Ar. Colorado Springs	5.00 a. m.
Breakfast, luncheon, dinner and rooms, Hotel Broadmoor. Automobile tour of Garden of the Gods and Crystal Park Drive.	

Sunday, September 25:

Lv. Colorado Springs	9.00 a. m.
Breakfast, Hotel Broadmoor, The Royal Gorge by daylight. Luncheon and dinner in dining car.	

Monday, September 26:

Ar. Salt Lake City.....	10.00 a. m.
Breakfast in dining car. Auto drive around the city including visit to Mormon Colony and the Tabernacle for Organ Recital. Luncheon, Hotel Utah.	
Lv. Salt Lake City.....	3.30 p. m.
Ar. Ogden	4.45 p. m.
Lv. Ogden (Southern Pacific Ry.) (Pacific Time)	5.00 p. m.
Dinner in dining car.	

Tuesday, September 27:

Ar. Oakland	4.30 p. m.
Lv. Oakland (Ferry)	4.35 p. m.
Ar. San Francisco	5.00 p. m.
Breakfast and luncheon in dining car. Rooms, Palace Hotel.	

Wednesday, September 28:

Lv. San Francisco (Market Street Ferry)	8.00 p. m.
From San Francisco the Red and White trains cover the same tour to the Yosemite, Del Monte, Santa Barbara, Los Angeles, Riverside and Grand Canyon.	



The New Home of the
Beacon Trust Company
 31 Milk Street
 BOSTON, MASS.

A Record of Progress :

	Capital	Surplus and Profits	Deposits
January 1, 1905	\$400,000.00	\$164,710.00	\$1,795,937.33
January 1, 1911	600,000.00	498,600.00	9,093,040.59
January 1, 1916	600,000.00	983,844.17	11,847,300.00
January 1, 1917	600,000.00	1,056,500.00	14,530,240.00
June 1, 1921	600,000.00	1,702,218.98	19,692,249.17

Officers

CHARLES B. JOPP, President	FRANK B. LAWLER, Vice-President
C. L. BILLMAN, Vice-President	L. A. HASKELL, Assistant Treasurer
ALFRED S. NELSON, Treasurer	WALLACE H. PRATT, Assistant Treasurer
R. G. SHAW, Jr., Assistant Treasurer	JAMES H. TURNBULL, Assistant Secretary
GEORGE H. POOR, Secretary	

COMMONWEALTH TRUST CO. BOSTON

88 SUMMER ST.

30 CONGRESS ST.

WASHINGTON ST. BRANCH, 1199 WASHINGTON ST.
CAUSEWAY ST. BRANCH, 105 CAUSEWAY ST.

GEORGE S. MUMFORD, PRESIDENT

ARTHUR P. STONE, VICE-PRESIDENT AND TREASURER

WALDRON H. RAND, JR., VICE-PRESIDENT AND SECRETARY

STEPHEN W. HOLMES, VICE-PRESIDENT

MODERN SAFE DEPOSIT VAULTS

The Official A. B. A. Program

THE preliminary outline of the official program of the Los Angeles convention is as follows:

Owing to distance between San Francisco and New York, schedule order of speakers has not been decided upon as yet, but the following and other speakers and their subjects will be arranged in the program: Sir D. Drummond Fraser, K. B. E., International Credits, "The Ter Meulen Bond Scheme"; Frank O. Watts, chairman American Finance Group at International Chamber of Commerce meeting, London, June 25 to July 3, inclusive, and president of the First National Bank of St. Louis—"Our Part in the World's Commerce"; Dr. Henry T. Suzzallo, president of the University of Washington—"Economic Intelligence in Public Opinion"; Judge Chas. F. Moore, counsel Seaman Paper Company, New York City—"Our Free Country"; Wm. Sproule, president

Southern Pacific Company—"The Railroad Situation."

GENERAL INFORMATION

The office of the association will be in Parlor F, second floor, Alexandria Hotel ('Phone Main 1897 or 10533).

All inquiries should be made at information booths which will be located in the lobbies of the following hotels:

Alexandria	10533 or Main 1897
Clark	Broadway 7200
Rosslyn	Main 9246
Ambassador	Wilshire 7000

All mail and telegrams for delegates and guests not specifically addressed will be delivered at post office, Alexandria Hotel.

For the further convenience of delegates and guests competent stenographers will be available at the four headquarters hotels named above.

INTERNATIONAL TRUST CO.

MEMBER FEDERAL RESERVE SYSTEM

45 Milk St. BOSTON, MASS. 115 Summer St.

DORCHESTER BRANCHES

Uphams Corner

Fields Corner

HYDE PARK BRANCH

1219 River Street

ROSLINDALE BRANCH

1 Belgrade Street

Capital \$2,000,000

Surplus \$2,000,000

Banking Department

Savings Department

Trust Department

Registrar and Transfer Dept.

Foreign Department

OFFICERS

CHARLES G. BANCROFT.....	President
HENRY L. JEWETT.....	Vice-Pres. and Sec.
THOMAS W. MURRAY.....	Vice-President
B. FARNHAM SMITH.....	Vice-President
A. FRANCIS HAYDEN.....	Vice-President
CLIFFORD B. WHITNEY.....	Treasurer
A. EDWARD GARLAND.....	Assistant Secretary
HOWARD NORTON.....	Assistant Secretary
GEORGE W. SHEPHERD.....	Assistant Treasurer
THOMAS F. MEGAN.....	Assistant Secretary
LAWRENCE S. BEARSE.....	Assistant Treasurer
CHAS. D. M. BISHOP.....	Assistant Treasurer
JOS. J. CARSON.....	Assistant Treasurer

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JAMES A. BAILEY
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ELMER J. BLISS
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OLIVER M. FISHER
WALTER B. HENDERSON

HENRY F. HURLBURT, Jr.
HENRY L. JEWETT
ROLAND O. LAMB
WM. J. McGAFFEE
WILLIAM A. MULLER
PATRICK A. O'CONNELL
JAMES J. PHELAN
NEIL W. RICE
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LOREN D. TOWLE

HERBERT F. WINSLOW



The Oldest National Bank in Worcester

SEND YOUR COLLECTIONS

To this substantial old institution which confines itself almost exclusively to general banking and collection business.

Courteous, Efficient, Prompt Service

Mechanics National Bank

Worcester, Massachusetts

Capital and Surplus, \$800,000

Deposits, \$9,000,000

FRANCIS H. DEWEY

Chairman of the Board

NELSON C. KEYES

Cashier

FREDERIC B. WASHBURN

President

SAMUEL A. ELLSWORTH

Assistant Cashier

RAILROAD TICKETS

Consolidated ticket offices, 221 South Broadway, 'phone Main 8500.

Southern Pacific office, First National Bank Building, 'phone Pico 2000.

Headquarters of all local committees will be in the Alexandria Hotel. A representative of the hotel committee will be at headquarters hotels.

PRESS HEADQUARTERS

(Public Relations Commission)

Alexandria Hotel

CONVENTION HALL AUDITORIUM

Corner Fifth and Olive streets

('Phone—Pico 3454)

REGISTRATION

Assembly Room—Alexandria Hotel

Delegates should register as soon as possible after arrival in Los Angeles. This will expedite publication of daily registration lists and will aid in locating friends and acquaintances who are attending convention.

Delegates should present business cards when registering and should register as well for other members from their institution and members of their families. Credentials will then be delivered, including official badges and invitations for social functions. The official badges should be worn conspicuously during the convention.

HEADQUARTERS—STATE BANKERS

ASSOCIATIONS

Illinois—Alexandria, Room 485.

Iowa—Rosslyn Hotel, Room 306.

Missouri-Kansas—

Alexandria Hotel, 385.

New York—Alexandria Hotel, 459-460.

Ohio—Alexandria Hotel, 305-306.

Oklahoma—Alexandria Hotel, 307-308.

SPECIAL

The Financial Advertisers Association exhibit will be displayed on the mezzanine floor of the Alexandria Hotel during the convention.



CREATING GOOD WILL
FOR BANKS, TRUST
COMPANIES & SIMI-
LAR INSTITUTIONS

"The PLAN of Publicity

which you submitted to us sixteen years ago and which, with your assistance, we are still carrying out, has been most successful in creating good will for the STATE STREET TRUST COMPANY. The appearance of the historic books which you help us to prepare each year has come to be an event which is looked forward to by thousands of our friends in Boston and New England," said ALLAN FORBES, President of the State Street Trust Co. of Boston.

Among the banks for whom we have prepared distinctive books for the purpose of creating good will are: the Fifth Avenue Bank of New York, the Bank of Manhattan Co., the Brooklyn Trust Company, the Worcester Bank and Trust Co., the National Savings Bank of Albany, and the Providence Institution for Savings.

Let us compile and print your next brochure or plan your publicity.

Walton Advertising and Printing Company
Oliver Building, 41 Milk Street, Boston

EFFECTIVE
ADVERTISING



ATTRACTIVE
PRINTING

HATHAWAY, SMITH, FOLDS & Co.

Commercial Paper

45 Wall Street, New York

Chicago	Minneapolis	St. Louis	Pittsburgh
Boston	Philadelphia	Cleveland	
Hartford	Scranton	Richmond	
San Francisco	Seattle	Portland	Denver

COMMITTEES, DIVISION AND SECTION MEETINGS

Monday, October 3

Administrative committee, finance committee, committee on public education, executive committee (trust company division).

Executive committees (Clearing House section and national bank division).

Executive committee (state bank division).

Board of control—state secretaries section.

State secretaries section meeting, insurance committee, committee on public and private thrift.

Commerce and marine commission (luncheon meeting).

State bank division meeting, committee on state taxation, executive committee—savings bank division.

Committee of five, state legislation and state legislative council.

Committee on membership, economic policy commission, agricultural commission.

Federal legislation and federal legislative council.

Public relations commission.

Bank advertising and publicity conference.

Executive council.

Tuesday, October 4

Savings bank division meeting, Clearing House section meeting, trust company division meeting.

Nominating committee.

Wednesday, October 5

State bank division meeting, trust company division meeting, national bank division meeting.

Thursday, October 6

Savings bank division meeting, Clearing House section meeting, national bank division meeting.

Friday, October 7

Executive council (organization of new council).

Administrative committee meeting.

MUTUAL LIFE INSURANCE.
The New-England Mutual Life Insurance Co.
Office, Merchants' Bank Building, No. 28 State Street,
BOSTON,

INSURES LIVES ON THE MUTUAL PRINCIPLE
NET ACCUMULATION, EXCEEDING \$540,000,
And increasing, for the benefit of Members, present and future;

The whole safely and advantageously invested. The business conducted exclusively for the benefit of the persons insured. The greatest risk taken on a life, \$10,000. Surplus distributed among the members every fifth year, from December 1, 1843; settled by cash or by addition to policy. The distribution of December, 1853, amounted to thirty per cent of the premium paid in the last five years. Premiums may be paid quarterly or semi-annually, when desired, and amounts not too small.

Forms of application and pamphlets of the Company, and its reports, to be had of its agents, or at the office of the Company, or forwarded by mail, if written for, post-paid.

DIRECTORS:

WILLARD PHILLIPS, President;

MARSHALL P. WILDER,
CHARLES F. CURTIS,
THOMAS A. DEXTER,

A. W. THAXTER, JR.,
CALEB REED,
WM. B. REYNOLDS.

CHARLES HUBBARD,
SEWELL TAPPAN.

BENJAMIN P. STEVENS, Secretary.

JOHN HOMANS, Consulting Physician.

The above is from an advertisement in one of the early issues of THE BANKERS MAGAZINE.
 After 75 years of growth and progress the Company makes the following showing :

Gross Assets December 31, 1920 . .	\$104,587,712.86
Policy Reserve and other Liabilities . .	\$101,852,867.88
Surplus, Massachusetts Standard . .	\$2,734,844.98

New England Mutual Life Insurance Company

87 Milk Street, Boston, Massachusetts

ALFRED D. FOSTER, President D. F. APPEL, Vice-President
 JACOB A. BARBEY, Secretary

Directors

Gordon Abbott
Daniel F. Appel
Charles B. Barnes

George E. Brock
Allan Forbes
Alfred D. Foster
Reginald Foster

Henry Parkman
John F. Perkins
Philip Stockton

COMMITTEE MEETINGS

Monday, October 3

Administrative.—John S. Drum, chairman, Parlor F, Alexandria Hotel.

Agricultural commission.—Joseph Hirsch, chairman, Dining Room 2, Clark.

Bank advertising and publicity conference.—Choral Hall.

Commerce and marine commission.—John McHugh, chairman, Alexandria.

Committee of five.—Chas. deB. Claiborne, chairman, Dining Room 5, Clark.

Economic policy commission.—Parlor E, Alexandria.

Executive council.—Assembly Room, Alexandria.

Finance.—T. B. McAdams, chairman, Parlor F, Alexandria.

Federal legislation and federal legislative council.—Ladies' Parlor, Clark.

Insurance committee.—L. E. Sand, chairman, Dining Room 4, Clark.

Membership.—L. E. Phillips, chairman, Parlor F, Alexandria.

Public education.—John H. Puelicher, chairman, Parlor E, Alexandria.

Public relations commission.—Francis H. Sisson, chairman, Parlor E, Alexandria.

Public and private thrift.—S. Fred Strong, chairman, Dining Room 2, Clark.

State taxation.—Ernest J. Perry, chairman, Ladies' Parlor, Clark.

State legislation and state legislative council.—Craig B. Hazlewood, chairman, Ladies' Parlor, Clark.

Tuesday, October 4

Nominating committee.—Banquet Room 1, Clark.

Friday, October 7

Executive council (organization of new council)—Assembly Room, Alexandria.

Administrative committee.—Parlor F, Alexandria.

GENERAL CONVENTION SESSION

October 4-5-6-7

9:30 a. m. to 12:45 p. m.

Auditorium—Fifth and Olive streets

Municipal and Corporation Bonds

We purchase outright entire issues of Municipal and Corporation Bonds that meet the approval of our Investigating Departments.

We offer and recommend these bonds for the investment of Institutions, Trustees and Individuals.

We invite correspondence from all who are interested in the purchase or sale of bonds of this character.

E. H. ROLLINS & SONS

Boston New York Philadelphia
Chicago Denver
San Francisco Los Angeles
London

Tuesday, October 4

Convention called to order.—John S. Drum, president.

Invocation.—Bishop W. B. Stevens, Episcopal Diocese.

Address of welcome.—J. M. Elliott.

Response to address of welcome.—John H. Puelicher.

Annual address.—John S. Drum, president. (Including report of administrative committee and executive council).

Report of economic policy commission.

Address (speaker to be announced later).

Public relations commission report.—Francis H. Sisson, chairman.

Address (speaker to be announced later).

Insurance committee report.—L. E. Sands, chairman.

Communications, announcements.

Adjournment.



BANKERS and business men stopping in Providence, are cordially invited to call and inspect the new banking rooms of the Rhode Island Hospital Trust Company, considered as representative of the finest and most modern in New England.

The Officers of the Company will be found always ready and happy to extend every possible courtesy.



15 Westminster Street, Providence, R. I.

MEMBER FEDERAL RESERVE SYSTEM

The Oldest Trust Company In New England

Note.—The following official and committee reports having been published in pamphlet form and distributed to the members will not be read.

Executive manager, Guy E. Bowerman; treasurer, Harry M. Rubey; general counsel, Thomas B. Paton; protective committee, W. G. Fitzwilson, secretary; protective department, L. W. Gammon, manager.

Wednesday October 5

Call to order.—John S. Drum, president.

Invocation.—Rev. Willsie Martin, pastor First M. E. Church, Hollywood, Cal.

Report of trust company division.—Edwin D. Hurlbert, president; savings bank division—W. A. Sadd, president; clearing house section—A. A. Crane, president.

Address.—(Speaker to be announced later).

Report of national bank division—Henry McKee, president; state bank division—Elliott C. McDougal, president; American Institute of Banking—Robt. B. Locke, president.

Report of commerce and marine commission.—John McHugh, chairman; state secretaries section—D. S. Kloss, president.

Address.

Communications, announcements.

Adjournment.

Thursday, October 6

Call to Order.—John S. Drum, president.

Invocation.—Rabbi Edgar F. Magnin, Jewish Synagogue.

Report of committee of five.—C. deB. Claiborne, chairman, committee on public and private thrift. S. Fred Strong, chairman.

Address.—(Speaker to be announced later).

Report of committee on public education. John H. Puelicher, chairman.

Address.—(Speaker to be announced later).

Report on agricultural commission.—Joseph Hirsch, chairman; nominating committee.

Election of officers.

Appointment of resolutions committee.

Report of committee on Federal legislation.—C. H. McNider, chairman.

Communications, announcements.

Adjournment.

Friday, October 7

Call to Order.—John S. Drum, president.

Invocation.—Rt. Rev. John J. Cantwell, Bishop Diocese Monterey and Los Angeles.

Report of committee on state taxation.—Ernest J. Perry.

Committee on state legislation.—Craig B. Hazlewood.

Address.—(Speaker to be announced later).

Resolutions committee report.

Address.—(Speaker to be announced later).

Discussion.

Installation of officers.

New business.

Communications, announcements.

Adjournment sin die.

DIVISIONS AND SECTIONS

General Meetings

Monday, October 3

State secretaries section, Banquet Room 1, Clark Hotel.

State bank division, Ballroom, Alexandria Hotel.

Tuesday, October 4

Savings bank division, Ballroom, Alexandria Hotel.

Clearing House section, Ladies' Parlor, Clark Hotel.

Trust company division, Theatre, Ambassador Hotel.

Wednesday, October 5

State bank division, Ballroom, Alexandria Hotel.

Trust company division, Theatre, Ambassador Hotel.

National bank division, Berean Hall-Auditorium.

Let this Bank Serve You in Rhode Island

As Rhode Island's largest banking institution, the Industrial Trust Company is well qualified to extend practical cooperation to other banks.

Our Branch Offices are established solidly in Rhode Island's most important business centres. So that no matter in what part of the state your interests may be, they can be attended to promptly.

Every worthwhile feature which makes the services of a metropolitan bank convenient and desirable will be found here. The advantages afforded by our state-wide facilities are especially noteworthy.

Ample resources and a highly trained personnel are other good reasons why your dealings with this bank are sure to be satisfactory.

*You are invited to test the
ability of this state-wide
organization to render you
prompt and effective service*

Industrial Trust Co.

Member of Federal Reserve System

PROVIDENCE

Pawtucket
Newport

Woonsocket
Bristol

Westerly
Pascoag

Warren
Wickford

East Providence

The Oldest Trust Company ***in Virginia—strictly a*** **fiduciary institution—**

Capital Stock	\$1,000,000.00
Earned Surplus	\$1,000,000.00
Deposits	\$3,000,000.00
Investments held in trust—over . .	\$20,000,000.00
Annual Dividend	8%
Bid for Stock (\$295.00 last sale) . .	\$300.00

Virginia Trust Company

The Safe Executor

Richmond . . Va.

Established 1892

Thursday, October 6

Savings bank division, Ballroom, Alexandria Hotel.

Clearing House section, Ladies' Parlor, Clark Hotel.

National bank division, Berean Hall-Auditorium.

EXECUTIVE COMMITTEES OF DIVISIONS AND SECTIONS

(Meetings)

Monday, October 3

Trust company division, executive committee, Men's Card Room, Ambassador Hotel.

Clearing House section, executive committee, Private Dining Room 3, Clark Hotel.

National bank division, executive committee, Private Dining Room 5, Clark Hotel.

State bank division, executive committee, Parlor E, Alexandria Hotel.

State secretaries section, board of control, Banquet Room 1, Clark Hotel.

Savings bank division, executive com-

mittee, Private Dining Room 5, Clark Hotel.

TRUST COMPANY DIVISION AMBASSADOR HOTEL

Tuesday, October 4

Wednesday, October 5

Call to order.

Annual address, President Edmund D. Hulbert.

Greetings by and messages from organizers and past active workers in division.

"Your Executive Committee and Its Work," Theodore G. Smith, chairman, executive committee.; vice-president Central Union Trust Company, N. Y.

"Recent and Current Events at the National Capital of Interest to Trust Companies." Henry M. Campbell, chairman of board, Union Trust Company, Detroit.

"The Trust Officer—The Man and His Equipment." Judge William R. Hervey, vice-president, Los Angeles Trust and Savings Bank.

"The National Publicity Campaign,"



We Are Looking Ahead

Omaha has developed a great deal in the past ten years. The Omaha National Bank too has grown. But neither this bank nor this city is satisfied with past achievement.

We are looking ahead and believe that Omaha will play an even greater part in the nation's commercial and industrial development. We are building our service to meet that growth.

The Omaha National Bank

Omaha, Nebraska

Capital and Surplus \$2,000,000

J. H. MILLARD, Chairman of the Board

WALTER W. HEAD, President

National State and City Bank

Richmond, Virginia

For fifty years the National State and City Bank has been serving the great and prosperous area known as the Richmond District, and its intimate knowledge of this district, together with its nation-wide connections, assures to correspondents a combination of close contact with conditions, promptness and an extensive range of service rarely found in bankers relationship.

OFFICERS

WILLIAM H. PALMER, Chairman of the Board

JULIEN H. HILL, President

R. E. CUNNINGHAM, Vice-President

B. FRANK DEW, Assistant Cashier

W. S. RYLAND, Vice-Pres. and Cashier

S. YOUNG TYREE, Assistant Cashier

JESSE F. WOOD, Vice-President

LAWSON H. COOKE, Assistant Cashier

Capital and Surplus Over Two Million

ESTABLISHED 1870

Francis H. Sisson, vice-president, Guaranty Trust Company, New York.

"A Bird's-eye View of Forty-three State Legislative Sessions." Nathan D. Price, vice-president, Hartford-Connecticut Trust Company.

"Investments." J. N. Babcock, president, New York City Association of Trust Companies, vice-president Equitable Trust Company, New York.

"The State and City Trust Company Section or Association and its Work," by chairman or presidents of those organizations.

"The Relationship of Insurance to Trusts." Herbert M. Morgan, assistant vice-president, St. Louis Union Trust Company.

"Facts and Figures We Need." L. H. Roseberry, vice-president, Security Trust and Savings Bank, Los Angeles.

"Practical Cooperation With the Bar." William S. Miller, vice-president, Northern Trust Company, Chicago.

"Payment for Services Rendered." Geo. D. Edwards, vice-president, Com-

monwealth Trust Company, Pittsburgh.

"The Spread of Community Trusts." Frank J. Parsons, vice-president, United States Mortgage and Trust Company, New York.

"Staff Relations and How to Develop Them." P. E. Hathaway, employment manager, Northern Trust Company, Chicago, Ill.

Tuesday Evening, Ambassador Grill

Publicity conference: Led by Francis H. Sisson, vice-president, Guaranty Trust Company, New York.

"Some Businesses We Have Managed." A Symposium.

SAVINGS BANK DIVISION PROGRAM

Headquarters: Hotel Rosslyn

TENTATIVE SCHEDULE

Monday, October 3

9:30 a. m.—Nation conference.

Noon—Annual division luncheon.

2:30 p. m.—State vice-presidents.

4:00 p. m.—All committeemen.



Foreign Credit Information

SHOULD your customers doing an Export business desire accurate trade or credit information our world-wide service may prove useful to you.

We maintain an extensive Credit File at our New York Agency and at Head Office. Our Foreign Trade Department will be pleased to obtain information for you.

OUR facilities for serving you lie in the fact that we have over 600 Branches in Canada and Newfoundland and over 100 in the West Indies, Cuba, Central and South America, as well as in London, Paris and Barcelona. We have correspondents in every important trade centre in the world and are in a particularly advantageous position to offer you a valuable service.

Our New York Agency or any one of our Branches offer you an expeditious and direct channel through which to handle your Collections upon the most favorable terms. Write for a complete list of our Branches.

THE ROYAL BANK OF CANADA

Total Resources \$520,000,000

**Head Office
MONTREAL, QUE.**

**New York Office
68 WILLIAM ST.**

PEOPLES SAVINGS BANK

IN PROVIDENCE, R. I.

Was established in 1851. During its career of seventy years it has safely handled business totaling in the hundred millions. Its deposits now exceed \$16,500,000 and its depositors numbered on April 1, 31,114. These deposits are secured by assets at market values \$687,000 in excess of all liabilities. Many millions have been paid in dividends, which have for many years been at the rate of 4 per cent.

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EDWARD ABORN GREENE

VICE-PRESIDENTS

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FRANK P. COMSTOCK

JOHN B. BRANCH

DIRECTORS

Francis W. Carpenter
John K. H. Nightingale
Howard D. Wilcox
William H. Thornley
William Grosvenor
George M. Snow

William P. Chapin
Edward B. Hough
Arthur W. Clafin
Charles H. Merriman, Jr.
Herbert W. Rice
Clinton F. Stevens

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Edward Aborn Greene
John B. Branch
John K. H. Nightingale
Frank P. Comstock
George M. Snow
Wm. P. Chapin
Clinton F. Stevens

CLINTON F. STEVENS, *Treasurer*
ARTHUR E. STAFFORD, *Assistant Treasurer*
HERBERT C. WELLS, *Secretary*
RAYMOND H. BLAKE, *Assistant Secretary*
ROBERT W. UPHAM, *Assistant Secretary*

Tuesday, October 4

P. M.—First session.

Topic: Savings Fund Laws.

Wednesday, October 5

Noon—Special luncheon.

Managers, School Savings Systems.

Thursday, October 6

P. M.—Final session.

Topic: Thrift and Savings Plans.
Postal Savings Systems.

Business session.

NATIONAL BANK DIVISION

Headquarters Clark Hotel.—Division meetings, Berean Hall, Auditorium.

Monday, October 3

Executive committee, standing committee.—Clark Hotel, Dining Room, 5.

Wednesday, October 5, 2 p. m.
Division Meeting, Berean Hall

Call to Order.

Invocation.—Dr. James A. Francis,

pastor First Baptist Church, Los Angeles.

Report of president.—H. H. McKee.

Chairman of executive committee report.—Waldo Newcomer; secretaries report.—Edgar E. Mountjoy.

Appointment of committees on resolutions and nominations.

Address.—Hon. D. R. Crissinger, comptroller of the currency, "Our New Responsibilities."

Address.—"The Spirit of the West," H. C. Carr, vice-president, First National Bank of Porterville, Cal.

Adjournment.

Meeting of executive committee at conclusion of division meeting.

Thursday, October 6

Berean Hall, Auditorium

Call to Order.—President.

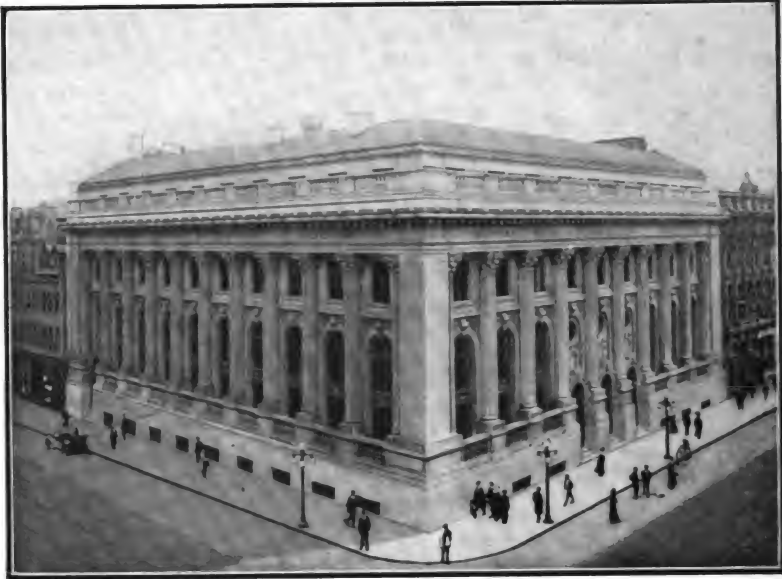
Address.—"Free Ports and Free Zones," Henry M. Robinson, president First National Bank of Los Angeles, Cal.

Address.—"Labor and Radicalism," Dr. Tully C. Knoles, president College of the Pacific, San Jose, Cal.

Incorporated 1855

The Bank of Toronto Canada

Capital Paid up	. . . . .	\$5,000,000
Reserves	. . . . .	6,986,354



Head Office: Toronto, Ont.

Canadian Banking Business

Correspondence invited with Banks desiring Canadian connections or whose present collection facilities in the Dominion are not wholly satisfactory.

Our numerous Branches throughout Canada from East to West and reciprocal arrangements with other important Banks here, enable us to offer very favorable collection terms on Canadian points to Banks in United States and other foreign countries.

INTEREST PAID ON DEPOSITS

THOS. F. HOW, General Manager

Unfinished business, new business.
Report of committee on resolutions,
committee on nomination.
Election and installation of officers.
Meeting of new executive committee.

STATE BANK—DIVISION PROGRAM
CLEARING HOUSE SECTION

Tuesday, October 4
Ladies' Parlor, Clark Hotel

Call to Order.—President A. A. Crane.

Invocation.

President's address.

Report of chairman of executive committee; James Ringold.

Report of secretary.—D. A. Mullen.

Appointment of committee.—Nominations and resolutions.

Address.—Dr. James A. Francis, Los Angeles.

Address.—“The Slogan of Today,” Alexander Dunbar, vice-president Bank of Pittsburgh; president Pennsylvania Bankers Association.

Address.—“The Acceptance Method of Financing Domestic and Foreign Commerce.”

Address.—“The Institute Clearing House,” Robt. B. Locke, president, American Institute of Banking.

Adjournment.

Thursday, October 6
Ladies' Parlor, Clark Hotel.

Call to Order.—President.

Symposium.—Clearing House examiner system led by Chas. H. Meyer, chief examiner Chicago Clearing House Association.

Speakers:

E. A. James, examiner Salt Lake City Clearing House Association.

Francis Coates, Jr., examiner, Cleveland Clearing House Association.

John W. Wilson, examiner, Los Angeles Clearing House Association.

J. H. Peterson, examiner, New Orleans Clearing House Association.

Discussion of clearing house problems led by Geo. A. Kelsey, manager, Cleveland Clearing House Association.

Report of nominating committee.

Election and installation of officers.

Unfinished business, new business.

Adjournment.

A. B. A. Convention

Bankers who will attend the American Bankers Association Convention in Los Angeles, October 2-7, are invited to make either of these Banks their headquarters during their stay.

The First National Bank of Los Angeles

Seventh and Spring Streets

Los Angeles Trust & Savings Bank

Sixth and Spring Streets

STATE SECRETARIES SECTION

Clark Hotel, Banquet Room 1

Monday, October 3

No provision for section headquarters has been made this year. Arrangements will be made for a desk at the general information bureau of the Los Angeles committee for use of those secretaries who do not have individual state headquarters. The board of control will meet in the Clark Hotel banquet room 1:30 p. m., Monday, October 3.

ORDER OF BUSINESS

Call to Order.—President.

Annual address.—President—Secretary D. S. Kloss.

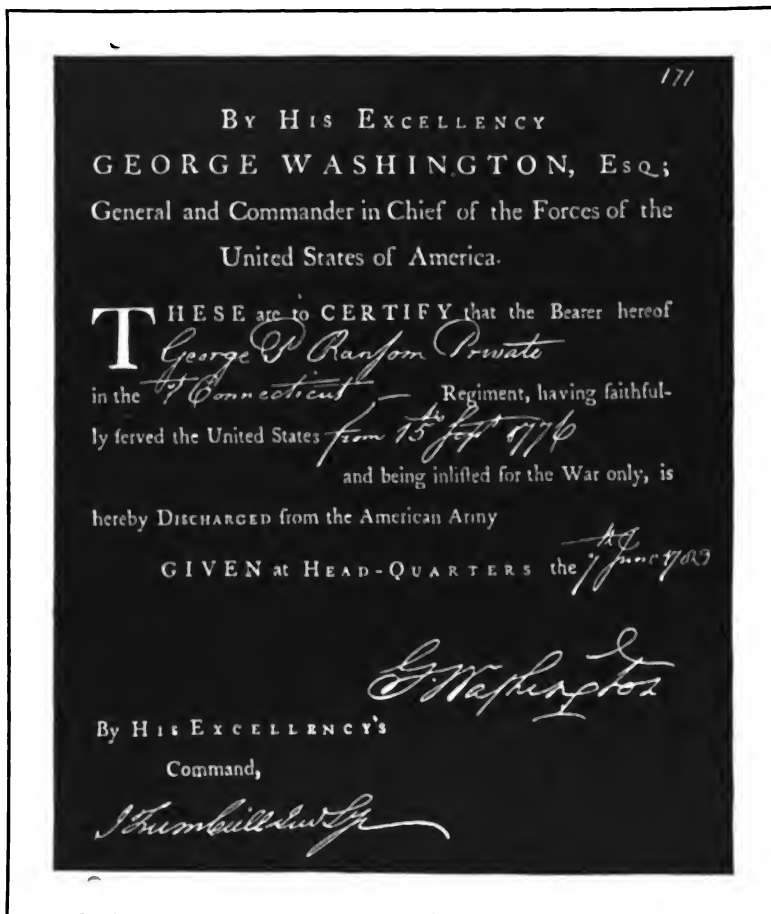
Appointment of resolutions and nominations committees.

Report of secretary-treasurer.—M. A. Graettinger, Illinois; committee on simplified income tax forms for banks, Secretary W. F. Kyser, chairman, Missouri; committee on forms, Secretary W. C. Macfadden, chairman, North Dakota; committee on insurance, Secretary Geo. H. Richards, chairman, Minnesota; committee on Federal tax law revision (appointed by Central States conference); Secretary M. A. Graettinger, chairman, Illinois.

STATE CONVENTION DATES

G. E. Bowerman, Executive Manager,
A. B. A.

Report of committee on resolutions and nominations.



Protection and Profit to Banks

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Write for special booklet and references to bank users

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299 State Street, Rochester, N. Y.

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700 Tenth Street, N. W., Washington

Executive Office: Providence, R. I.

Election and installation of officers.
Adjournment.

The newly elected board of control
will meet immediately after adjournment.

LIST OF SECRETARIES OF STATE ASSOCIATIONS
SHOWING TERM OF SERVICE
IN ASSOCIATION WORK

STATE SECRETARIES

Alabama, H. T. Barlett, elected 1916.
Arizona, Morris Goldwater, elected, 1905.
Arkansas, Robert E. Wait, elected 1909.
California, Frederick H. Colburn, elected 1911.
Colorado, Paul Hardey, elected 1912.
Connecticut, Chas. E. Hoyt, elected 1905.
Delaware, Haldeman C. Stout, elected 1920.
District of Columbia, Victor B. Deyber, elected 1921.
Florida, W. O. Boozer, elected 1921.
Georgia, Haynes McFadden, elected 1912.
Idaho, J. W. Robinson, elected 1911.
Illinois, M. A. Graettinger, elected 1917.
Indiana, Andrew Smith, elected 1902.
Iowa, Frank Warner, elected 1916.
Kansas, W. W. Bowman, elected 1904.
Kentucky, Harry G. Smith, elected 1919.
Louisiana, J. C. Barry, elected 1920.
Maine, Edw. S. Kennard, elected 1915.
Maryland, Charles Kahn, elected 1906.
Massachusetts, Geo. W. Hyde, elected 1906.
Michigan, Mrs. H. M. Brown, elected 1906.
Minnesota, Geo. H. Richards, elected 1913.
Mississippi, Geo. B. Power, elected 1918.
Missouri, W. F. Keyser, elected 1904.
Montana, A. T. Hibbard, elected 1920.
Nebraska, Wm. B. Hughes, elected 1905.
Nevada, L. S. Reese, elected 1919.
New Hampshire, Harry L. Addition, elected 1914.
New Jersey, Wm. J. Field, elected 1903.



Since 1846

This clock has ticked out the minutes and hours from the St. Lawrence Market tower, Toronto.

William Ashall, who has had personal supervision of the clock since 1887, writes: "The clock has been running continuously since erection and at the present time still strikes the hours on the original bell. I don't think that the clock has cost me in the way of repairs more than \$25. The clock still keeps good time and is, I think, in good shape for a number of years yet to come, with proper care and attention."

Seventy-five years ago the announcement of E. Howard, Clock Makers, appeared in *THE BANKERS MAGAZINE* and during all that time this company has specialized in high grade clocks for inside and outside use.

We make a specialty of bank clocks. Inquiries invited.

E. Howard Clock Company

Clock Makers Since 1842

373 Washington St.

Boston

Mass.

1865



1921

ESTABLISHED OVER HALF CENTURY

Furs of Finest Quality

IN THE

Latest Fashions

Embracing the very latest foreign models, together with many beautiful and original styles by our own designers, may now be seen in our show-rooms.

ALL THE

Richest and Choicest Furs

Every article of our manufacture satisfies the eye with the quality of style, an element of the utmost importance to those who desire an air of distinction in their attire.

Our stock includes every desirable fur, not only the costliest, but those of moderate price, equally stylish and fashionable.

**MEN'S FUR AND FUR LINED COATS
CLOTH COATS WITH FUR COLLARS**

C. C. SHAYNE & CO.

Manufacturers of

STRICTLY RELIABLE FURS

126 West 42nd Street

New York

New Mexico, R. L. Ormsbee, elected 1919.
 New York, Edw. J. Gallien, elected 1917.
 North Carolina, T. A. Uzzell, elected 1919.
 North Dakota, W. C. Macfadden, elected 1903.
 Ohio, S. A. Roach, elected 1919.
 Oklahoma, E. P. Gum, elected 1918.
 Oregon, J. L. Hartman, elected 1905.
 Pennsylvania, D. S. Kloss, elected 1898.
 Rhode Island, E. A. Havens, elected 1915.
 South Carolina, James H. Craig, elected 1921.

South Dakota, L. J. Welch, elected 1919.
 Tennessee, H. G. Huddleston, elected 1919.
 Texas, W. A. Philpott, Jr., elected 1916.
 Utah, Carl R. Marcusen, elected 1920.
 Vermont, C. S. Webster, elected 1912.
 Virginia, W. F. Augustine, elected 1919.
 Washington, W. H. Martin, elected 1914.
 West Virginia, Jos. S. Hill, elected 1908.
 Wisconsin, George D. Bartlett, elected 1909.
 Wyoming, H. B. Henderson, elected 1916.



American Bankers in the Present Crisis

By F. I. KENT

Vice-President Bankers Trust Company, New York

IN view of the tremendous economic strain that developed throughout the world the latter part of 1920 because of the unprecedented fall in the prices of commodities, it is of interest and of value to note the part which American bankers have taken in financing foreign trade. The authority of American bankers to accept time drafts drawn upon them was only extended with the passage of the Federal Reserve Act, consequently the development of the acceptance business in the United States has been carried on during the most complex economic period of our national existence, covering as it has the world war, and the even more difficult time for carrying on the business of financing commodities that has existed since the armistice. When this is borne in mind and it is realized that billions upon billions of dollars' worth of bankers' acceptances have been issued to carry on our foreign trade, the fact that our banking institutions have gone through the frightful economic strain that developed in the fall of 1920 without any breaks whatsoever, due to the new acceptance power extended to

them, speaks volumes for the sound judgment of American bankers and the wise course of the Federal Reserve Board and the Federal Reserve banks in the development of acceptance regulations and of the operations in acceptances carried out under them. The successful introduction of the acceptance system in banking under the circumstances and conditions which have prevailed should inspire confidence throughout the world in American banking institutions.

During the period when large profits were possible to the banks taking part in these operations, such profits were not dissipated, but were conserved to meet the losses that were felt to be inevitable during the time of reconstruction which was certain to follow. We therefore find ourselves in this country today with our banking institutions intact and in a strong position, (such losses as were made having been met from conserved accumulated profits), and ready in connection with the Federal Reserve System to meet our problems of the future as successfully as they have those of the past.



STATEN ISLAND—CITY AND PORT OF NEW YORK

Pouch Terminal

Piers 19 to 21
CLIFTON



American Dock Terminal

Piers 1 to 5
TOMPKINSVILLE



Security and Protection
to
BANKERS

Insist that the Merchandise Collateral Securing
your loans be stored in a

Protected Warehouse

**AMERICAN DOCK &
POUCH TERMINALS**

OFFER SPECIAL FACILITIES FOR
Bonded and Free Merchandise

Security and Protection Combined.

All employees covered by Bond.

All warehouses protected by sprinklers.

Forty Years' Warehouse Experience.

Direct all rail connection.

Storage in transit.

Only cotton fumigating plant in New York City located on premises.

2,500,000 cubic feet additional storage building.

***Write 17 State Street, New York City, or Phone 7950 Bowling Green
for Representative to call and explain the advantage of***

Security and Protection

On the Human Side of Banking

Some Extra Banking Services Which a Bank Renders Its Customers

WE used to think, in the days of extreme youth, that a bank was a place in which to cash checks. Then it became apparent that a prior necessity was putting money into the bank so there would be something there with which to cash the checks we drew! Gradually our education became more and more profound, until the functions of discount, deposit, circulation, and savings took their proper places in our mental image of the word banking. But not until we had worked for some time within the sacred portals of a bank of discount and deposit, did the true proportions of its purpose emerge into our consciousness.

Lawyers, doctors, ministers, these three, we had always supposed, were the only ones whose business it was to mind other people's business,—not their occupational business, but the most personal and intimate of their affairs. Now we must add to these three professions of personal relation a fourth not less intimate, that of the banker. He who would make progress in our present highly civilized life can no longer call his soul his own; his banker has a lien on it, as well as his other three professional advisers.

And how easy this makes life for him! Does he want to go to Europe? He writes his bank to engage passage for him on a certain steamer sailing such and such a day. It may be well nigh impossible to obtain the reservation, but if any one can get it, the bank knows how. And afterward the client may change his mind or his plans, and the work will have to be done over again; but there is the bank, always handy, always willing. And, of course, if he comes from a distant point, the client telegraphs ahead to the bank for hotel accommodations, and equally, of course, the bank will be his mail address while he is away. All his mail will be sent there, and the bank will see to it that it is delivered to him, wherever he may journey. On his way

through New York he will want to see a show or two on Broadway, or perhaps a base-ball game at the Polo Grounds. For all these he turns to his bank for tickets; and they are ready for him when he steps into the bank on the morning of his arrival in the city.

There is no limit to the delicacy of some of the offices a bank is called upon to perform for its customers, and in proportion as these matters are despatched with tact and finesse is the usefulness of the bank to its customers increased. A certain European bank, a customer of a large New York bank, recently sent over a request that the bank redeem two diamond rings from a certain pawnshop in New York. One of the foreign bank's clients had been in New York a short time before, and, suffering from a temporary shortage of funds, an effect this city sometimes has upon strangers within its gates (not to mention its native sons), was forced to hypothecate his personal property. The rings were redeemed and returned to their owner, undoubtedly a wiser man, though we trust not a sadder one.

Perhaps the European banks have a larger share than do we in America in the making of matches, but it is not an uncommon thing for foreign clients of American banks to seek information through their banks as to the character and financial standing of prospective husbands. One such service that a bank was asked to render proved to be concerning a future husband of whom the prospects were less than slight. During the interview with the subject of the inquiry, the fact developed that the inquiry had originated with a young lady who wished to marry the subject, but hesitated until she should discover how much money he was worth. The subject of the inquiry "blushingly stated that the young lady was assuming too much when she thought he would marry her."—*From "The Chase," published by the Chase National Bank, N.Y.*

International Banking and Finance

SPECIAL

**BANKERS'
MAGAZINE**

SECTION

Speeding up Turn-over

One remedy for narrowed profit margins lies in quicker turn-over. Realizing this, producers and merchants in every line of business are working out new shipping schedules—both to hasten movement of stock and to satisfy the demands of buyers.

Too often the time thus saved is lost again in distant freight houses or terminal yards, for the reason that shippers lack an effective means of following and facilitating the processes of delivery and collection.

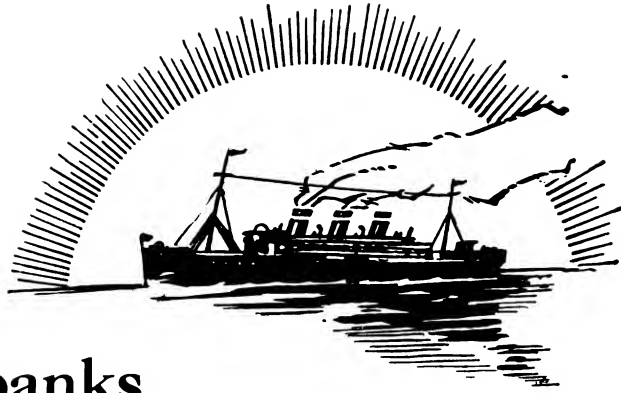
Such a means the Irving's Bill-of-Lading service provides for your depositors. Shipments delayed for any reason are traced and expedited. Consignees are notified of arrivals. Drafts are presented by messenger every day in every corner of Manhattan. Out-of-town collections are made by correspondents on the spot. Time-saving is the Irving's contribution to your program of customer service.

IRVING NATIONAL BANK

WOOLWORTH BUILDING, NEW YORK



1851-1921: SEVENTY YEARS A BUSINESS BANK



To banks with business in the Far East

THE Equitable Trust Company of New York has increased its Far Eastern service to correspondents by the formation of **THE EQUITABLE EASTERN BANKING CORPORATION**, with offices in New York and Shanghai.

Through this subsidiary, whose capital and surplus are \$2,500,000, we can now give you the advantage of a bank devoted exclusively to trans-Pacific business and familiar with the customs, methods and markets of the Orient.

The Equitable Eastern

Banking Corporation will supply you with accurate trade, credit and other information which will be of practical value to your customers in building their Far Eastern business.

It makes collections, buys and sells bills of exchange, transmits funds by cable, finances imports and exports, and issues travelers' checks and commercial letters of credit.

For further particulars address The Equitable Eastern Banking Corporation, 37 Wall St., New York.

**THE EQUITABLE EASTERN
BANKING CORPORATION**

Offices:

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TRUST COMPANY
OF NEW YORK
37 WALL STREET**

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Madison Ave. at 45th St.

PARIS
23 Rue de la Paix
LONDON—3 King William St., E.C.4

COLONIAL OFFICE
222 Broadway

American Experiences in Foreign Banking

SO much has been published and privately talked about the experiences of American banking in foreign fields, during the recent months, that it is well to have a careful resume of it for future reference, declares the First Federal Foreign Banking Association in a recent bulletin.

"That American banks have sustained considerable losses abroad is very well known. Exact comparisons with the losses of the banks of other nationalities is impossible, but it can be said that the others have shared pretty fairly; and it can be said that we have had little to apologize for in connection with our national banking abroad while it remained in the field. It can also be said that whatever the local losses in certain foreign countries by some of our banks may have been, they have been more than absorbed in net profit which is fairly to be allocated to local and international business arising out of the foreign activities. There are some of our foreign banks of whose losses this may not be true, at least to the extent of their having been absorbed in the profits of the current period in which they were sustained. But it can be said that all these banks are enterprises backed by groups of strong financial institutions that have undoubtedly enjoyed many direct and indirect benefits in the stimulation of their domestic business through the connection. At any rate, they are easily able to sustain whatever the losses were, and they have done so. In every case, the interests back of these foreign banks of ours have been strong; in one way or another they have put new capital behind their foreign enterprises; and they have gone further in order to place these enterprises in a position of liquid strength. To the extent of at least forty million dollars, 'frozen credits' not regarded as adapted in good banking practice to the methods used by these banks have been taken over by the strong institutions behind these banks, so that they do not any longer remain even as a contingent

liability of the American foreign business banks.

"One bank doing an exclusively foreign business has proceeded to liquidate. This action was decided upon some time ago, and it appears to have been done for purely business reasons, not necessarily relating to its financial responsibility. There have been reports of other banks deciding to go out of business. In one case we know definitely that this is not to be done. In another, we think the report unfounded. And if either of the banks should liquidate, it would be without trouble of any kind, and it would be done for reasons entirely connected with the interests and policies of financial institutions behind them.

"The clear outstanding fact of America's experience in foreign banking is that every dollar of the obligations of any of our banks that operate foreign branches, or that specialize in foreign business, has been met with promptness and in full.

"Although the First Federal Foreign Banking Association entered the field of special foreign banking under the terms of the Edge Law after the most serious conditions in foreign business had already appeared, and it was thought best for reasons of sound policy to defer the establishment of foreign branches, we think it unfortunate if any permanent setback occurs in the development of foreign branch banking by this country. Also, there are methods of combined banking and merchandizing by which business in normal times is very advantageously conducted with certain foreign countries whose exchanges are subject to continuous fluctuation. Under the abnormal conditions of the strenuous drop in world-wide prices of last year, losses were taken in this kind of banking, and criticism among bankers has been indulged in as regards the method. Although we do not conduct that kind of banking, we hope that American commerce will not in the normal future lack the service of highly-specialized banks to provide such services again."

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed	\$15,000,000 (£3,000,000)
Capital Paid-up	5,250,000 (£1,050,000)
Reserve Fund and Undivided Profits	5,730,000 (£1,146,000)

BANKERS:—Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit Rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 WALL STREET

A Woman's Activity in the Banking Field Abroad

ONE has only to read in the May number of THE BANKERS MAGAZINE, "Observations of An Outsider," to appreciate how indispensable is a department such as that recently established by the Paris office of the Park-Union Foreign Banking Corporation.

It is a personal service department



MISS ANNE SEWARD

In charge of the Travel Bureau at the Paris branch of the Park-Union Foreign Banking Corporation

for travelers' banking, organized and managed by Miss Anne Seward of New York, already known in banking circles as head of the division of foreign exchange's research department under the Federal Reserve Board, in which capacity she did notable work during the war. Her Paris office represents to the way-faring public the spirit of helpfulness, a Christian impulse to be useful, to smooth rough places, to simplify difficulties.

"Home ties count in a foreign land" is one of the slogans originated by Miss Seward in advertising her department. The traveler in a strange land craves the cordial welcome of a fellow-countryman with knowledge of the shores he has left. He seeks a bank where he can find a sympathetic reception. He wants contact with his own town, a word about his own people. And this desire is not one of "Main Street" origin. No people on earth, it has been said, are more provincial than New Yorkers. And after a few moments in Miss Seward's foreign bureau one is almost certain of this fact.

Speed is an important factor in managing the bureau. Tourists are no longer willing to spend the day cashing a check. They object to spending twenty minutes. There is no reason why they should be obliged to spend three.

Endowed with a fund of knowledge acquired during years of American business experience—banking and government—and blessed with an extraordinary memory for names and connec-

Seventy Years Service to Banks and Bankers

SINCE 1852 Knauth, Nachod & Kuhne has specialized in serving banks, bankers, merchants, manufacturers and individuals in the United States and neighboring countries in the transmission of funds to Europe and all parts of the world.



Banks and bankers as principals through K. N. & K's. mediation may draw their own drafts on European countries, remit by Money Order to payees abroad or issue K. N. & K. Travelers' Letters of Credit and Travelers' Checks, known throughout the world.

We furnish the necessary stationery supplies and descriptive literature free of charge. Our service includes regular advices as to current rates of foreign exchange.

Travelers' Letters of Credit Commercial Letters of Credit Travelers' Checks
Foreign Exchange Investment Securities

"Seventy Years in Serving the Public"

Knauth, Nachod & Kuhne

Members of the New York Stock Exchange

EQUITABLE BUILDING

NEW YORK

tions, Miss Seward is able to place instantly her approval or veto on a transaction involving American relations.

Before the war played havoc with foreign rates, European exchange was a comparatively simple affair. To convert dollars into francs one had only to divide by five, or multiply by twenty to compute roughly the American equivalent of a franc. The rate varied but little from day to day. It hung around 5.15. Shopping at banks for more generous returns availed one nothing. Travelers' checks were stamped with a fixed value, 5.12½. Pounds held at \$4.85 with slight variation. Pesetas were the same as lire and francs. Swiss francs, too, were worth about 19 cents.

Now foreign exchange is a riddle. "Why," asks the bewildered American amateur, "do I get 24,000 kronen for 500 francs and when I try to sell the same kronen on the same day at the same bank, why do I receive only 480 francs?"

"What shall I multiply by when I want quickly to convert francs into dol-

lars?" asks another. "And how when the rate changes can I change my factor?" How much to tip an Italian gondolier? How to sell enough dollars at 13 to buy a check on London for 40 pounds, 11 shillings, twopence, when sterling is 8.87 in Paris? How many German marks in currency will a Berlin check buy in France if the rate is quoted at 18 and there is a premium of 85 centimes for every hundred marks? These are the questions that are hourly straightened out in Miss Seward's office where a courteous, intelligent staff explains clearly and patiently the problems that come up. Hard problems, unreasonable problems, one might almost think if one had not recently traveled in Europe, but nevertheless daily and unavoidable problems at the present time.

In addition to unraveling the perplexities of exchange, this unique office has a passport section which attends to the vizing of all passports. The American traveler has but to leave his passport for which a receipt is given and the next day it is delivered to him

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Bankers to the Union Government in the Transvaal, the Orange
Free State, and Natal, and to the Imperial Government.

Authorized Capital £ 4,000,000
Subscribed and Paid-Up Capital 2,965,000
Reserve Fund 1,300,000

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Deputy General Manager, W. DUNLOP

Assistant General Managers, A. CAMPBELL DUFF, DANIEL H. SWART (pro)

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18 St. Swithin's Lane, E. C.
25 Cockspur Street, London, S. W.
Manager, D. CUNNINGHAM

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Midland Bank, Limited, etc.**



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and sub-branches in
the principal towns in
the Union of South
Africa, South West
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Port Louis, Mauritius,
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Banking Business of Every Description is Transacted at all Branches. Bills on all
points negotiated. Letters of Credit and Drafts issued and Commercial Credits
established on all Branches and Agencies of the Bank in Africa and abroad.

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and commerce between United States of America and Africa.**

in good order for his journey into other lands. A mail department in connection with the office safeguards and forwards with accuracy all letters, telegrams and packages.

Women especially go to Paris to buy. The mania attacks them the minute they arrive at the Gare St. Lazare. Tradition has taught them the attractions of the Paris shops, but they do not know, nor can they learn in the short time allotted them, where it is safest and wisest to buy. In Miss Seward's department there is a valuable file of the best modistes, dressmakers, jewelers, book-shops, tapestry houses, picture shops, antique stores, toy emporiums, restaurants, theaters and specialty houses and from this file a client may in a very few moments, even while cashing her check, jot down the information she requires.

If the attention of a physician or a dentist is needed, the bureau is prepared to furnish names and addresses promptly.

The advice received at the bank is founded upon a thorough and intimate knowledge of Europe, of Paris and of conditions as they exist today. Close, interested, personal attention is given to every American who calls. Far from the noise and bustle and rush of the railway ticket offices, in a quiet, cool, comfortable office our favored traveler is accorded a reception that savors more



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PHILADELPHIA
NEW ORLEANS
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Everything is made to seem delightfully simple in this unique new office on one of the busiest boulevards in the world.



Signs of World Trade Recovery Noted

DURING his round-the-world tour which took him to all of the principal countries of Europe, the Near East, India and the Orient, and which he has just completed, F. P. Small, first vice-president of the American Express Company, made a comprehensive study of financial and foreign trade conditions with the result that he is convinced that the commercial world is recovering more rapidly than is generally believed.

Due to decrease in prices, Mr. Small remarked, the banks in the Far East are carrying to a very considerable extent the financial burden, and some importers and exporters, although practically bankrupt, find themselves still in business, it being felt that their stocks upon which money has been advanced by banks, can better be disposed of by them than by bankers who do not know the trade.

In some localities, Mr. Small re-



Banco Nacional Ultramarino

State Bank of the Portuguese Colonies

ESTABLISHED 1864

New York Agency, 93 Liberty Street

Capital . . . Esc. 48,000,000

Paid-Up Capital
Esc. 24,000,000

HEAD OFFICE
LISBON

Reserve Funds
Esc. 26,000,000

STATEMENT

For the year ended 31st December, 1920

ASSETS

Cash in hand.....	Esc. 23,449,494\$85.5	
Cash with other banks.....	5,174,679\$32.2	Esc. 28,624,174\$17.7
Investments—		
Stocks (at actual value)—quoted in Escudos.....	Esc. 3,243,489\$25.5	
quoted in Foreign currencies—		
Fr.s. 2,684,752	} at par of Exchange*	5,934,981\$91.5
£ 474,265		
Lits. 11,359.98		
Pts. 400,000	2,691,492\$66	
Foreign bills.....		456,899\$85.5
Inland bills discounted.....		63,365,296\$02.4
Bills receivable.....		88,437,520\$39.9
Current accounts.....		248,496,368\$58
Current accounts—agents and correspondents.....		39,522,363\$08.5
Advances against bills, etc.....		93,431,433\$48.1
Mortgage and municipal loans.....		434,993\$89.7
Predial mortgage loans (Law 27th April, 1901).....		832,709\$81
Sundry impersonal accounts (as per contra).....		108,976,465\$83
Government treasury account (as per contra).....		14,087,820\$31.1
Securities (as per contra).....		182,652,494\$13.4
Bank premises.....		2,821,258\$07
Furniture and fittings.....		77,922\$01.4
Payments made on account of interim dividends for 1920.....		981,860\$40
		Esc. 879,134,611\$98.2

LIABILITIES

CAPITAL PAID UP—		
For general operations—		
Portugal and colonies.....	Esc. 18,625,000\$00	
Abroad—£750,000.....	3,375,000\$00	
Guarantee fund for predial operations.....	2,000,000\$00	Esc. 24,000,000\$00
Permanent reserve fund.....	Esc. 20,800,000\$00	
Extra reserve fund.....	4,100,000\$00	24,900,000\$00
Cash deposits.....		92,573,228\$47.9
Fixed deposits.....		52,417,392\$99.3
Current Accounts.....		294,081,219\$18.7
Current accounts—agents and correspondents.....		14,742,629\$93.1
Current accounts—credit balances of loan accounts.....		2,554,514\$55.8
Cheques and bills payable.....		16,860,139\$88.1
Head office and branches—amounts in transit.....		724,843\$05.4
Sundry impersonal accounts (as per contra).....		108,976,465\$83
Government treasury account (as per contra).....		14,087,820\$31.1
Securities deposited in guarantee of advances and-or for safe custody (as per contra).....		182,652,494\$13.4
Obligations four and one-half per cent., etc.....		950,863\$50
Predial colonial obligations six per cent. (Law 27 April, 1901) etc.....		917,307\$45
Unclaimed dividends.....		311,122\$65
Pension fund.....		233,091\$06.9
Vales for customs duties.....		7,409\$67
Notes in circulation.....		42,773,370\$25
Profit and loss.....		6,370,709\$03.5
		Esc. 879,134,611\$98.2

* Par of exchange Esc. 1.00=\$1.08
Rate on 31st Dec., 1920, Esc. 1.00=\$0.955

ports, credits have been extended over a period of years to well known firms who, through the fall in prices, found themselves seriously involved. It is felt that with an extension of time such firms can eventually pull through without loss to the banks.

"It is no doubt true," said Mr. Small, "that importers and merchants generally, who are engaged in foreign trade, and particularly in countries that are far distant from the great centers of activity, have felt the business depression to a greater extent than those similarly engaged in America or England, due to the depreciation of their silver money."

This depreciation, coupled with decreased exports and increased imports, has brought about the present trying situation. The temporary stagnation in foreign trade resulted in a depression in the shipping business, of course, Mr. Small said.

That a liquidation of this situation is anticipated shortly is attested by the fact that Mr. Small's and other large companies have men in the Far East now perfecting arrangements for the handling of ships and cargo at all Oriental ports.

Mr. Small reported that the Far East desires the resumption of American travel to that part of the world.

"In the interests of international trade, which depends upon acquaintance and good feeling, I hope Americans will visit the Far East in constantly increasing numbers," Mr. Small said.

Great Britain

THE BUSINESS SITUATION

What may be described as mildly hopeful sentiment is growing in both business and financial circles regarding the outlook for the autumn months. In the present chaotic condition of the international exchanges, however, it is not easy to forecast with any degree of ac-

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New Orleans, the gateway to Latin America through the Mississippi Valley, is second only to New York in its volume of international business.

The city is destined to continue its growth as a great American port.

This bank has grown with New Orleans since 1870, and because of its long experience and broad service, is well prepared to handle your Southern business economically and efficiently.

Hibernia
Bank & Trust Co.
MEMBER AMERICAN BANKERS ASSOCIATION
New Orleans

curacy how the financial situation as a whole will develop while difficulties which are besetting all European Governments exist in making both ends meet. This, together with the collapse in foreign trade, constitutes the unfavorable factors in the situation. The latter, however, should be smoothed out to some extent by business revival, which is expected, also by closer attention to national expenditures.

Reports coming from the chief British trade centers are moderately encouraging, the optimism being based to a considerable extent upon the rapidity with which the coal output is increasing. The low state to which miners' funds have been reduced as a result of the recent strike is responsible for the stimulation of production, which, if maintained, will place the industry on a favorable footing to meet the demands

FRENCH AMERICAN BANKING CORPORATION

Cedar and William Streets, New York

Cable Address: *Frenambank*

Organized under the Banking Laws of the State of New York and under the provisions of the Federal Reserve Act

Capital: \$2,000,000

Fully Paid Up

Surplus: \$500,000

The following banks own all the capital stock:

Comptoir National d'Escompte de Paris
National Bank of Commerce in New York
The First National Bank of Boston

We solicit checking accounts or time deposits in foreign currencies and are particularly well equipped to render the following banking services, especially in connection with France and the French Colonies:

Collection of notes, drafts and coupons; Issuing of Commercial Letters of Credit; Remittance of funds abroad promptly and accurately; Execution of orders on the Paris Bourse.

We maintain a foreign Credit Department whose services are at the disposal of our clients who contemplate business transactions with firms abroad.

when they are most needed in a few months' time. Foreign demand for leading products of export is still very slow. Prices are the factor still, and it is considered most important that before foreign markets can be regained a reduction in both wages and prices appears necessary in order to get production costs down to an economical level.

COX & COMPANY'S UNIQUE HISTORY

A recent issue of the *Morning Post*, of London, contained the following information about the development of Cox & Company, for many years the bank used by the British army:

Cox's is not the heaviest bank of the world, in weight of money, but probably it has the most widespread reputation. Within the last six years its checks have penetrated to hundreds of remote parts of Europe which never saw a check before—and some of them were drawn by gallant young subalterns who had never drawn one before.

For several years the pride of our

youth—the fathers of the next generation—banked with Cox. Many of them bank there still. The great expansion of the bank's business during the war necessitated the acquisition of adjacent premises in every direction, and this resulted in the office as a whole becoming too spread-out and inconvenient for the proper working of the business. It has, therefore, been found necessary to remove as soon as possible from Charing Cross to a larger and more condensed home next door to the Carlton Hotel, with one entrance in Waterloo place and one round the corner.

Every officer of the army knows Cox's. Some were swept into it by the swirl of the Great War. Others had known it from the day they left school. The concern was founded by Richard Cox in 1758, and it is even older than the *Morning Post*, though not much. Mr. Cox was secretary to Lord Ligonier, then Commander-in-Chief of the Forces. In those days the pay of both officers and men was in the hands of an "agent," and the appointment of the agent was

in the hands of the colonel of the regiment. Lord Ligonier, as colonel of the First Foot Guards (the present Grenadier Guards), conferred the agency of the regiment upon his secretary.

250,000 OFFICER CLIENTS

It was a big beginning for Mr. Cox. He improved upon it, and his descendants have carried on the activities of the house to an extent of which, on his most ambitious nights, he could never have dreamed. During the great war they had far more officers on their books, from beginning to end, than the full strength of Wellington's army in the Napoleonic Wars. The number was in the neighborhood of a quarter of a million.

When the crash of 1914 came the staff of Cox's numbered 180—and sixty of those went out to the war. Four years later the staff had risen to 4,000, of whom about 1,500 were women. They worked double tides. When the day staff knocked off their desks were taken by a night staff, and checks were cashed every hour of the twenty-four, Sundays and high holidays as well as week-days, for officers returning from the front or going back to it. At the height of the war, when all the nation was in it, something like 50,000 checks a day were cleared by the bank. Whenever a British officer went, to a fighting front or even as a prisoner of war in Germany, he could draw upon his account at Cox's without troubling to prove his identity or his signature. His uniform was his warrant.

The amount of work caused by so extensive a connection can be indicated by the fact that Cox's had to send a motor-van day and night to collect the mails from the District Sorting Office to save time in delivery, and the number so collected generally reached 20,000 per day. The cost of the postage for replies was nearly £30,000 for the year 1918.

Three houses act as army agents, and Cox's are definitely at the top. In 1760 they became paymasters to the Royal Regiment of the Artillery, Richard Cox being appointed to the office by Lord Ligonier, as Master-General of Ord-

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FOREIGN BANKING CORPORATION

56 Wall Street, New York

Banking Factors in Commerce

The Park-Union Foreign Banking Corporation aims to establish the highest efficiency in banking factors contributing to the expansion of world trade.

Branches of this bank located in Europe and the Far East, as well as connections in all parts of the globe, are available for handling credits, collections, foreign exchange, and other matters pertaining to your import and export business.

Capital (fully paid) - \$4,000,000
Surplus and Undivided
Profits - - - \$621,000

OFFICERS

CHARLES A. HOLDER	-	President
T. FRED ASPDEN	-	Vice-President
E. B. MACKENZIE	-	Secretary
I. V. SCOTT	-	Treasurer

nance. Excepting for one brief interval of fourteen years, and that was well over 100 years ago, they have held the agency ever since.

In 1805 Cox's became agents to the Royal Engineers, and the subsequent connection between them carries on in an unbroken line. In 1807 Cox's had 118 regiments on their list, consisting of 163 battalions of infantry (including the three regiments of Foot Guards), nineteen regiments of cavalry, the Royal Artillery, the Royal Engineers, the Wagon Train, and twenty-one regiments of militia. In 1822, after the reduction of the army following upon the Napoleonic Wars, the number of regiments fell. It rose soon afterwards. It had a big spurt during the South African War, and during the Great War it extended amazingly, for in the height of the combat it rose to

BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve	-	-	-	Lire	383,000,000
Total Assets over	-	-	-	"	8,400,000,000

LONDON *Clearing Agents*: Barclays Bank Ltd.

New York - Italian Discount & Trust Co.

Massowa - Banca per l'Africa Orientale

Tiflis - Banca Italo Caucasica di Sconto - Rome

Zara - Banca Dalmata di Sconto

OVER 150 BRANCHES AND AGENCIES IN ITALY

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CESARE ROSCI

Vice-Chairmen
LUIGI BARAGIOLA
ACHILLE VENZAGHI

Managing Director
Comm. ANGELO POGLIANI

CENTRAL MANAGERS

Frederico Canziani
Carlo Casati
Angelo Catelli

Vito Celli
Vittoriano di Capua
Nullo Muratori

Attilio Reali
Ernesto Tucci
Emilio Wirz

Every Kind of Banking and Exchange Business Transacted

1,122 battalions in addition to the Royal Artillery, Royal Engineers, and so on.

CHECKMATING A PRINCE

From the beginning Cox has succeeded Cox, and there are now three of the name in the firm. The present head of the bank, Reginald H. Cox, is the great-great-great-grandson of the founder. At various times partners have entered, with the importation of secondary names. One of the most famous of these was Charles Greenwood, a cousin of the House. A friend of the burly, rollicking Duke of York, he was introduced by the Duke to his father, King George III., as "Mr. Greenwood, who keeps my money." "No, your Majesty," said Mr. Greenwood, "it is his Royal Highness who keeps my money!" That was true enough, and the debt was not wiped off until sixty years after the Duke's death. It was Mr. Greenwood who, in 1806, brought his nephew, Mr. Hammersley, into the

firm, and there have been members of the Hammersley family in it ever since.

Many ex-officers preserve their connection with the bank, as some fifteen years ago it began to develop a commercial and foreign side to its business and has now attained a prominent position among the banks doing those classes of business. It has branches in India and Egypt and connections in all parts of the world. It formed a subsidiary Cox and Company (France) to deal with officers serving in that country during the war. It has now become necessary to acquire larger premises in the City of London, which will be ready for use towards the end of next year.

A history of the House is now being compiled by one of its officers—W. H. Bernau, who is anxious to receive, from military officers of long connection with the firm, any information which will assist in the preparation of the book. His hereditary connection with Cox's is four generations deep; and his case is not exceptional.

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital and Reserves . f110,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

Representative for the United States

J. G. van Breda Kolff

14 Wall Street, New York

France

GROWTH OF SAVINGS DEPOSITS

Despite abnormal conditions existing during the war and since, the balance reported on deposit in French savings banks at the end of the year 1920 was 1,800,000,000 francs greater than in 1913. Detailed figures received by the Bankers Trust Company, of New York, from its French information service, compare the balances as follows:

	Deposits	Withdrawals (million francs)	Balance Dec. 31
1913 —	870	924	4,000
1920 —	2,000	1,500	5,800

In explanation of the withdrawals it may be stated that since the war numerous interior and municipal loans have attracted the savings of the French people from the banks and additional sav-

ings that would otherwise have gone into the banks. It is also to be noted that the maximum deposit for any depositor in the French savings banks is 5,000 francs. Until comparatively recently the maximum sum was lower.

Germany

GERMAN BANK REPORTS

In the midst of a new Stock Exchange boom, which has sent average prices of industrials up ten per cent. in a few weeks, have appeared the annual reports for 1920 of the great commercial banks, says a recent issue of the *Journal of Commerce*. The facts and figures therein show that throughout last year continued the rise in nominal values of all kinds, due to the currency inflation which began after the outbreak of war, but which became rapid and

Bank of British West Africa

Head Office, London



BRANCHES IN

Liverpool	Egypt
Manchester	Morocco
Hamburg	Canary Islands
West Africa	

Principal Shareholders

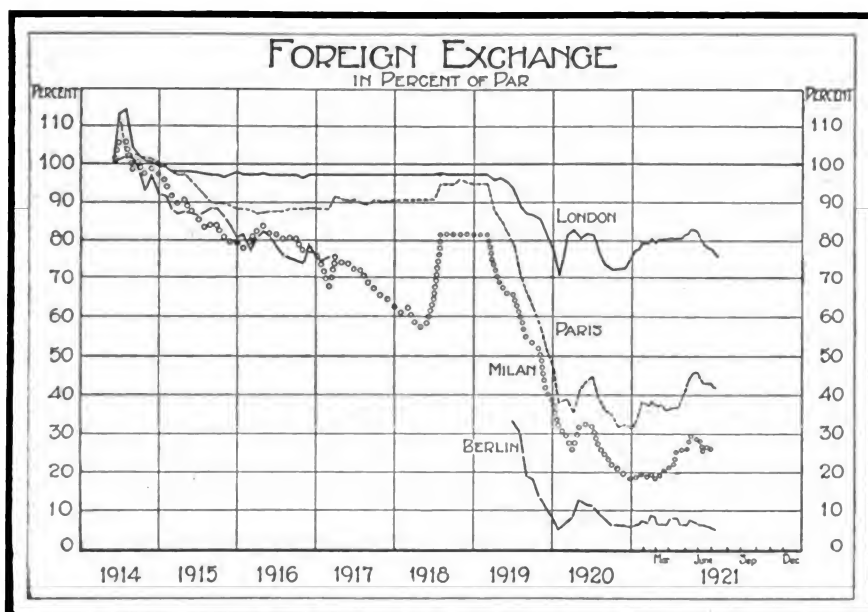
Lloyds Bank, Limited
National Provincial and Union Bank of England, Ltd.
London County, Westminster and Parr's Bank, Ltd.
The Standard Bank of South Africa

Exceptional Facilities for France and Belgium
Bills of Exchange Bought and Sold
Commercial Letters of Credit Issued
Travellers Letters of Credit

Paid Up Capital, Reserve and
Undivided Profits Over \$9,000,000

NEW YORK AGENCY
100 Beaver Street

R. R. APPLEBY and ROWLAND SMITH, Agents



This chart, taken from the Bulletin of the Federal Reserve Bank of Philadelphia, shows how European exchange has fluctuated from par during the past seven years

startling only after the military defeat. Business done, profits earned and dividends declared all show rises; but the rises of the first markedly exceed those of the second, and those of the second exceed those of the third. This is due to the fact that the cost of operating a German bank under inflation conditions rises more rapidly than the figures of banking transactions and, further, that the banks, like the industrial companies, fear to announce too big dividends, and habitually dispose of their profits in other ways. Whether this process of paper expansion will continue through all 1921 is very doubtful; the currency inflation has for the moment ceased; and some experts predict that expansion has come to an end.

Germany counts eight banking institutions which are considered to merit the title "grossbank." The greatest in capitalization and name is the Deutsche Bank and the smallest is the Mitteldeutsche Credit-Bank. The Deutsche, Disconto, Dresdner and Darmstadter (properly called Bank fuer Handel und Industrie) constitute the "Four Ds,"

and are the best known internationally. The Berliner Handelsgesellschaft, Commerz und Privat-Bank, National-Bank, and Mitteldeutsche Bank hardly come into the same rank, though the Commerz und Privat-Bank falls little short of the Darmstadter in capitalization. All eight banks have materially increased their dividends as against 1919. Their gross and net profits in 1920 (in millions of marks) and their dividends are:

	Gross	Net	Dividend 1919	Dividend 1920
Deutsche	713.0	185.0	18	12
Disconto	397.9	160.1	16	10
Dresdner	421.8	144.2	12½	9
Darmstadter	263.0	58.5	10	8
Handelsges	72.7	36.9	12½	10
Commerz und Priv.	210	66.8	12	9
National	110.7	46.5	10	7
Mitteldeutsche	73.5	16.6	10	8

The above net profits include balances carried forward from 1919. The total gross profits, which, according to German system, are the sum of profits booked on all separate banking transactions without any deduction for administration costs, taxes, etc., were 2,-

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Asia Banking Corporation

Head Office

35 BROADWAY NEW YORK

San Francisco : Robert Dollar Building

**An American Bank rendering complete service
for trade with the Orient**

OPENS deposit accounts in the Far East, and pays interest on balances. Negotiates bills of exchange. Effects settlements in the Far East. Issues commercial letters of credit. Finances imports and exports. Supplies trade and credit information. Issues travelers letters of credit.

Your inquiries are invited

Branches in the Far East

SHANGHAI
HANKOW

PEKING
TIENTSIN

HONGKONG
CANTON

MANILA
SINGAPORE

Correspondents in India and throughout the Far East

262,000,000 marks, which is 1,429,000,-000 marks more than in 1919, so that profits more than doubled; and the total net profits were 715,000,000 marks, or 454,000,000 marks more than in 1919. The average dividend is 13.4 per cent. as against 9.1 per cent. in 1919. The amount paid out in dividends is 233,-200,000 marks, which is 94,500,000 marks more than in 1919. The disproportionately larger sum so absorbed by dividends is due to increase in capitalization of five out of the eight banks. The position of the banks as regards capital and reserves at the beginning of 1921 was (in millions of marks):

	Capital		Reserves	
	Jan. 1, Inc. 1921	1920	Jan. 1, Inc. 1921	1920
Deutsche	400	125	378	148
Disconto	310	—	140	6
Dresdner	260	—	80	—
Darmstadter	220	60	47	15
Berl. Handelsg	110	—	34.5	—
Commerz-Privat	200	55	50.7	22.9
National	150	10.5	30	11.9
Mitteldeutsche	90	30	13.8	4.5

The total capital at the beginning of 1921 was 1,740,000,000 marks, showing an increase in the preceding year of 280,500,000 marks; and the total reserves were 774,000,000 marks, an increase of 208,300,00 marks. Compared with the enormous growth of their transactions, in particular of their liabilities, these capital increases are very moderate, but the process of increase has not terminated. The Disconto and Dresdner banks, neither of which last year increased capital, announce an impending increase, the Disconto by 90,-000,000 marks and the Dresdner by the same sum.

The capital and reserves of the banks taken together make a mere fraction of their liabilities. Capital and reserves together total 2,514,000,000 marks, while liabilities at end of 1920 amounted to the enormous sum of 63,846,000,000 marks. In other words the banks' obligations are 2519 per cent. of their own resources. This twenty-five fold ratio would have been considered wholly ab-

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed .		.. Yen	100,000,000
Capital paid up . . .		.. Yen	100,000,000
Reserve Fund . . . .		.. Yen	53,000,000

(\$0.50=1 Yen)

Branches and Agencies

Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
Bombay	Dairen	Hongkong	Lyons	Peking	Shimonoseki	Tokyo
Buenos Aires	Fengtien	Hongkulu	Manila	Rangoon	Singapore	Tsingtau
Calcutta	Hamburg	Kaiyuen	Nagasaki	Rio de Janeiro	Soerabaya	Vladivostek
Changchun	Hankow	Kobe	Newchwang	Saigon	Sydney	

Agencies in United States

New York San Francisco Los Angeles Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE - - 120 BROADWAY

normal in European prewar banking. In 1918 the Deutsche Bank's capital and reserves were 315,000,000 marks and its liabilities 1,580,000,000 marks, a fivefold ratio. The Disconto showed a two and a half-fold ratio, the Dresdner a fourfold ratio, and similarly with all other banks, the Mitteldeutsche's ratio being only twofold. Capital and reserves have therefore ceased to play their normal role in the banking mechanism, and the real motive of most increases of capital is not to strengthen the banks' positions but to enable them to absorb provincial banking institutions.

In this condition naturally the degree of fluidity of the banks' assets is a doubly vital question. On paper the banks are in this respect safe enough. The Deutsche Bank's report shows that 85.1 per cent. of liabilities are covered by assets officially classed as "fluid in the first degree," the Dresdner 70.2 per cent. and so on, worse off being the National Bank whose figure is 44.7

per cent. But most of these "fluid assets" are "bills" not more closely defined; and it is known that the greater part of the bills are Treasury bills. The Reichsbank's weekly statements of late show the useful innovation of discriminating between trade bills and Treasury bills; but the private banks do not discriminate and it is impossible to say exactly what proportion of their assets are trade and what proportion are Treasury bills. The bank claims that as long as the Reichsbank is ready to rediscount the Treasury bills which they have taken off its hands, their Treasury bills can be counted as "fluid in the first degree." This is technically true, as the Reichsbank has always the resource of the note-printing press. But the private banks are thereby entirely tied up with the solvency of the State finances. The position has radically changed for the worse since the time when the public's money went mainly into trade bills, and thereby fructified business, kept money in constant cir-

New York Representative, A. KOEHN, 25 Broad St.

BANKING
BUSINESS OF EVERY
DESCRIPTION



BERLIN

DISCONTO- GESELLSCHAFT

Established 1851

NUMEROUS BRANCHES IN GERMANY

CAPITAL AND RESERVES

650 000 000 MARKS

NORDDEUTSCHE BANK IN HAMBURG

Established 1856

Hamburg — Altona — Harburg

CAPITAL AND
RESERVES

83 000 000 MARKS

A. SCHAAFFHAUSEN'SCHER BANKVEREIN A.-G.

Established 1848

HEAD OFFICE COLOGNE

GRÜNDUNG
1848

Numerous Branches in Rhineland and Westphalia

CAPITAL AND
RESERVES

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culuation for productive aims, and afforded the banks a really liquid and well-secured investment for their cash.

Not only the inflation but other business factors conspired to make last year a record profit year for German banks. There was an unexampled increase in new company foundations and of capital emissions by old companies. The Bourse boom, which nearly doubled average stock prices between January, 1920, and January, 1921, was accompanied by universal speculation; the banks were overburdened with profitable stock deals—so overloaded in fact that during part of the year the Berlin Stock Exchange had to be closed on two days a week in order that banking staffs might make up the arrears of speculative accounts. Also, the recovery of foreign trade restored to the banks their function of financing export and import deals, and they reaped enormous profits from arbitrage and exchange dealings. In the present year the improvement of communications has reduced the exchange disparities in

various markets, and the last source of profit is likely to diminish.

Italy

ITALY'S FOREIGN TRADE

The total imports in Italy during the months of January, February and March, 1921, amounted to 3,992 million lire, with an increase, over the corresponding period in 1920, of 420 million. They amounted to 1,166 million in January; 1,619 million in February; and 1,207 million in March. During the first three months of 1920 imports had shown a steady increase, while in March of this year they showed a considerable decrease as compared with the preceding month.

The total exports during the months of January, February and March, 1921, amounted to 1,637 million, with a decrease as compared with the corre-

sponding period of last year, of 159 million.

The exports were as follows: 508 million in January, which reached to 570 million in February and then dropped to 564 million in March.

Therefore, the trend of Italy's foreign trade seems to point to a decline. In fact, while the importations have steadily increased, the exportations did not follow the encouraging ascending trend of 1920. The commercial deficit which, in 1920, amounted to 1,776 million, was increased by 479 million in the three months of this year, thus reaching the amount of 2,255 million.

Against these figures, which are certainly not favorable, it is well, however, to note that the increase in the imports is due not only to the cereals, but also to the raw materials, (coal and cotton), the manufactured products of which are destined in part to be exported.

CAPITAL AND SAVINGS INCREASES

Advices received from the head office of the Banco di Roma, Italy, by Rodolfo Bolla, 1 Wall street, New York, American representative for that institution, contain the information that during the month of May, 1921, seventy-three new industrial corporations were organized in Italy, with a total capital of lire 68,000,000, and during the same month ninety-one corporations increased their capital by lire 424,000,000 making a total increase of invested capital in Italian industrial enterprises of lire 487,000,000.

During the same month the Italian postal savings bank's deposits increased from lire 7,019,000,000 to lire 7,950,000,000, a net gain in deposits for the month of May, 1921, of lire 931,000,000.

Far East

CHINESE BANK ESTABLISHES NEW YORK AGENCY

Ginarn Lao, Chinese banker, who recently arrived in New York to estab-

lish the first agency of a Chinese bank in the United States, is optimistic about American trade opportunities in China. The bank he represents is the Bank of Canton, Ltd., and the New York agency is at 291 Broadway.

Mr. Lao declared that the Chinese regard Americans more highly than any other people, the friendship not being based on opportunism but being the result of years of unselfish effort for the welfare of China on the part of Americans.

The action of the United States in returning the Boxer indemnity fund to China to be used in educating young Chinese in the schools of this country was given by Mr. Lao, himself a graduate of Lehigh University, as another cause of young China's feeling toward America.

"If the United States will capitalize the good will that China bears for it and all things American, it will find in the Far Eastern Republic the greatest opportunities in the history of commerce between nations," declared Mr. Lao.

FAR EASTERN SITUATION

In a cable dispatch to the department of commerce, James F. Abbott, commercial attache at Tokio, says that trade conditions in Japan have not been so favorable in the first half of July as during the few months preceding.

The Japanese export trade has fallen off somewhat, he reports, and the silk market, which had shown some hopeful signs of improvement during May and June, has again become depressed, possibly as a result of the termination of purchases by the Imperial Raw Silk Company.

Unrest and strikes have been increasing in the shipyards, steel works and engineering concerns, the demands of the strikers being for higher wages and a recognition of the unions. There are some 25,000 men on strike.

A dispatch to the department of commerce from Julian Arnold, commercial attache at Peking, says that confidence in the foreign banks in China, which was shaken for a time as a result of the recent failure of the Banque Industrielle

The Industrial Bank of Japan, Limited

(Nippon Kogyo Ginko)

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Subscribed Capital
Yen 50,000,000

Paid-Up Capital
Yen 45,000,000

Head Office: No. 1, Zenigame-cho, Kojimachi-ku, Tokyo

Cable Address — "Kogin, Tokyo"

Branch Offices: Tokyo, Osaka, Kobe

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de Chine has been restored through the prompt arrangement of other banks and their branches to meet all demands. Financial circles in China were much disturbed during the first month, he reports, by the failure of the Banque Industrielle, especially as it had in circulation a large issue of bank notes.

The restoration of commerce was expedited by the prompt action of the native Chinese banking group in advancing \$2,200,000 Mex to redeem the currency notes of the Banque Industrielle at par.

The same motives which led to the formation of the Chinese banking group, it is stated, are evidently factors in the recent organization of trust companies in China. If the Chinese can reorganize their banking facilities on a sound basis so as to bring into circulation vast amounts of silver hoarded by individuals, the result, it is predicted, will benefit the whole world.

The unprecedented organization of these trust companies and of stock and

produce exchanges is giving concern to foreign business interests in China, since many of the new companies and exchanges are apparently without adequate provision for supervising them.

GOLD STANDARD IN MANCHURIA

Cable advices from Tokio state that the Dairen Produce Exchange has decided to adopt, beginning October 14, the gold yen as its only medium of exchange in transactions in beans, bean-cakes and bean oils, such commodities having hitherto been quoted in terms of silver yen. When this exchange was established in 1913 plans were formulated whereby prices were to be quoted in terms of gold. After careful deliberation it was deemed advisable to defer the adoption of this policy until some future date, as the economic situation of Manchuria at that time did not appear propitious for such a step. Consequently the silver standard was put in use as a temporary measure.

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Société Anonyme

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Reserve Fund Frs. 145,099,540.45

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It is stated that on June 30, 1921, there were 82,000,000 gold yen notes of the Bank of Chosen in circulation throughout Manchuria, whereas only 840,000 silver yen notes were in use on the same date. This wide disparity in favor of the gold yen was considered the dominating factor in the decision of the Dairen Produce Exchange to abolish the silver standard in that market. In addition to this, the recent worldwide fluctuation in the silver market has played a prominent part in having the Manchurian people appreciate that the gold yen is a superior medium of exchange to the silver yen, more especially as the former is amply backed by the gold reserve. It is said to be inevitable that the interior districts will follow this example as there now prevails a more favorable feeling toward the gold yen, which is accentuated by the fact that with a gold standard the natives can obtain more favorable terms from buyers, as the latter will be relieved of the great risks they were

compelled to run when trading on a silver basis.

Cuba

CUBA'S LEGISLATIVE PROGRAM

The creation of a commission of three to disburse the \$50,000,000 loan which Cuba hopes to float in the United States, with the Government playing only an incidental role, was suggested in a message to Congress by President Alfredo Zayas recently. It has been reported that American financial interests, in negotiations over a loan to save the sugar industry, have stood out for supervisory powers in distributing whatever amount might be raised.

The program of urgency legislation outlined by the President in his message comprised thirteen recommenda-



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Hankow
Hongkong
Peking
Shanghai
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Haiphong
Saigon

INDIA
Amritsar
Bombay
Calcutta
Cawnpore
Delhi
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Madras
Tavoy

JAPAN
Kobe
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Batavia
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tions. They were: A crop lien law, budget adjustment downward, authorization to send a tariff and treaty mission to Washington, abolition of cost of living bonuses for public servants, a mixed tariff reform commission, reduction of sugar production, issuance of an interior loan to meet the Government's deficit, an exterior loan of \$50,000,000 to save the sugar and other industries, rent reduction legislation, restriction of immigration, protection of the live stock industry, railway rate reductions and legislative reforms, and revision of the law of January 31, 1921, creating the Federal Bank Liquidation Commission.

The last named recommendation is the result of insistent demands that the bank liquidation law be furnished with "teeth" for the purpose of punishing those who may have had a criminal part in the recent collapse of numerous Cuban banking institutions.

The administration proposes to form the loan commission along the lines of the War Finance Corporation which op-

erated in the United States during the war. This body would dispose of the loan, with sugar and other products as security, while the Government, through special taxation, would arrange for its amortization and the payment of the interest. This commission, the President added, might prove the first step in the formation of a new banking system, including a central bank of emission.

South America

TRADE CONDITIONS IMPROVE SLIGHTLY

Bankers interested in financing South American trade are disposed to be critical of John Barrett's characterization of the situation as too pessimistic.

Mr. Barrett formerly was ambassador to Argentina and later was director general of the Pan-American Union.



BANCO DI ROMA

ESTABLISHED 1880

HEAD OFFICE: ROME, ITALY

Capital paid up and Surplus . \$34,000,000.00

Total Resources . \$1,000,000,000.00

(Five Lire—One Dollar)

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Albano Laziale	Catania	Leghorn	Portoferraio
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Andria	Celano	Lucca	Potenza
Anzio	Centallo	Luserna S. Giovanni	Pratola Peligna
Aquila	Ceva	Marciana Marina	Rapallo
Arcidosso	Chiusi	Merano	Reggio Calabria
Arezzo	Citta' di Castello	Mercatale	Rivarolo Canavese
Ascoli Piceno	Clusone	Messina	Rochetta Ligure
Assisi	Colle Val d'Elsa	Milan	Rome
Aversa	Corno	Modica	Rovigno
Avessano	Cornigliano Ligure	Mondovi	Salerno
Bagheria	Cortona	Monteleone di	S. Benedetto
Bagni di Casciana	Cotrone	Calabria	del Tronto
Bagni di Lucca	Crema	Montesampietrangeli	Sansevero
Bagni di Montecatini	Cremona	Monte San Savino	Sant' Antiocho
Bagni di S. Giuliano	Cuorgne'	Monte Urano	Santa Margherita
Bari	Dogliani	Montevarchi	Ligure
Bastia Umbra	Fabriano	Naples	Santa Maria
Benevagienna	Fermo	Nardo'	degli Angeli
Bergamo	Fiesole	Nettuno	Saronno
Bibbiena	Figline Valdarno	Nocera Inferiore	Sassari
Bisceglie	Fiume	Norcia	Savona
Bologna	Florence	Novi Ligure	Segni-Scalo
Bozzano	Foggia	Oneglia	Siena
Borgo a Mozzano	Folano della Chiana	Orbetello	Signa
Bra	Foligno	Orvieto	Siracusa
Brescia	Forte del Marmi	Orzinuovi	Squinzano
Cagliari	Fossano	Ostuni	Tagliacozzo
Caltagirone	Frascati	Pagani	Terranova di Sicilia
Camaloro	Frosinone	Palermo	Tivoli
Campiglia Marittima	Galliciano	Pallanza	Turin
Canale	Gallipoli	Paranzo	Torre Annunziata
Canelli	Genoa	Perugia	Torre del Passeri
Carate Brianza	Giugliano in Campania	Piadena	Torre Pellice
Carloforte	Grosseto	Pietrasanta	Trento
Carru'	Gualdo Tadino	Pinerolo	Trieste
Casalbuttano	Gubbio	Plombino	Velletri
Castellamonte	Intra	Poggibonsi	Viareggio
Castelnovo di	Ivrea	Pontecagnano	Viterbo
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COLONIAL BRANCHES

Bengasi (Africa), Tripoli (Africa), Rhodes (Asia)

FOREIGN BRANCHES

England: London (Representative). France: Paris, Lyons. Spain: Madrid, Barcelona, Tarragona, Montblanch, Barlas Blancas, Santa Coloma de Queralt, Valls. Switzerland: Chiasso, Lugano. Turkey: Constantinople. Malta: Valletta. Asia Minor: Adalia, Smyrna, Scalanova, Sofia. Syria: Aleppo, Beyrouth, Damascus, Tripoli. Palestine: Jerusalem. Caffa, Jaffa.

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Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

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The current view in banking quarters of the trade and financial relationship with Latin-American countries is that some improvement has been scored during recent months and that, while conditions continue rather critical, the most serious phase has passed.

Definite indication of betterment in the situation was seen in the announcement that G. Amsnick & Company had succeeded in liquidating a considerable proportion of its current liabilities and in collecting a large part of its receivables, mostly due from South American customers, since the beginning of the year. Liabilities and receivables both stood at their high point on November 15 last, since when and up to June 30, concurrent liabilities have been reduced from \$24,256,000 to \$15,700,000, while accounts and bills receivable have been cut from \$26,400,000 to \$17,161,000.

John H. Allen, president of the American Foreign Banking Corporation, in an interview with a representative of *The Journal of Commerce*, said:

"It is but fair to Mr. Barrett to assume that he did not expect his statement to be taken absolutely literally, that disaster faces our financial and commercial interests in the South American countries.

"Exaggerated and constantly repeated pessimistic observations as to the complete break-down of the South American markets does not tend to improve the situation or to develop confidence that it will improve. The situation is better today than it was six months ago in that considerable liquidation of the heavy over-importation of merchandise has taken place, and in spite of steadily increasing rates for the United States dollar, collections are coming forward, not only in settlement of new purchases, but also in partial liquidation of old items. The various schemes which have been suggested for the purpose of hastening the sale of merchandise now in warehouse can accomplish very little for only with the passing of time will the stocks of merchandise be reduced and finally disap-

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pear. Our exports to Brazil and the Argentine while materially decreased are decreased more in the dollar value than in the quantity; prices, freights, etc., being far below the prevailing rates and prices of a year ago.

"The high premium on the United States dollar is a strong factor in favor of British or other European competitors in those markets and no doubt England views with high favor the present exchange rate for the dollar. This premium will more or less continue until normal factors such as exports, imports, credits or gold shipments gradually lead the rate back toward par."

Other bankers reported that American goods piled up at South American ports were being gradually absorbed and that collections were steadily gaining. The South American still has little use for the heavier items of trade such as machinery, chemicals, etc., but the small articles of every-day consumption are being cleared up.

"Our experience reflects an improvement in South American conditions as

compared with a few months ago," said A. H. Titus, president of the First Federal Foreign Banking Association. "We have noted a marked betterment in collections. Reports show progress in clearing up the surplus of imported goods in South American countries."

Southeast Europe

RUMANIA AS DEBTOR AND CREDITOR

(Leu, pre-war rate, \$0.1930; Aug. 24, 1921, \$0.0122)

By DR. ARTHUR ZENTLER

Executive Delegate, Banca Marmorosch, Blank & Co., New York Agency

The Rumanian debt on April 1, 1914, was:

Internal funded debt.....Lei	133,862,452
Internal floating debt.....	45,000,000
External funded debt.....	1,555,145,877

Lei 1,731,008,329

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The floating debt of Lei 45,000,000 was contracted because of the Balkan War preceding 1914.

During the period 1914-1916, in spite of large expenditures for war preparations, Rumania had a favorable trade balance of Lei 65,000,000 because of the good crops and the high prices obtained for them.

The debt contracted during this period of war preparation was as follows:

*£5,000,000 on December 15, 1914; £7,000,000 on June 15, 1916; £12,000,000 against which Rumania issued to the Bank of England Treasury bonds in the amount of.....Lei	302,640,000
In December, 1914, were issued to the Bank of Italy Treasury bonds, amounting to	10,012,500
The internal funded debt of April 6, 1916.....	400,000,000
Two loans at the Rumanian National Bank Sept. 15, 1914 and Jan. 15, 1915, of Lei 200,000,000, each.....	400,000,000
Total	Lei 1,112,652,500

*£ stands for Pound Sterling.

DURING THE WAR

(From Aug. 27, 1916 to Dec. 1, 1918.)

During this period the debt did not increase much because of the impossibility of provisioning, the imports being almost nil. The increase amounts to:

Internal debt	Lei 1,350,000,000
External debt (being £10 million, the first installment of 40 million Pound Sterling loan of March 7, 1917)	252,200,000
Total increase	Lei 1,602,200,000

All of this is floating debt, being the first Rumanian floating debt in many years.

AFTER THE WAR

(Up to March 1, 1921)

The increase during this period was largest in the internal debt, which amounts to Lei 14,050,000,000; the external debt increase was Lei 2,110,432,481; total increase, Lei 16,160,432,481.

This increase in the external debt was for munitions bought in France, and is

figured at the pre-war rate of exchange. Of this amount, Lei 200,000,000 was used to pay the coupon of the loan of December 8, 1920. Of the increase in the internal debt, Lei 900,000,000 were funded in 1919 and Lei 2,300,000,000 were funded in 1920.

The increase, after the war, both internal and external, was to re-victual the country, to replenish the rolling stock, to pay France for the war material bought and to bring about the unification of the currency, calling in the Austro-Hungarian and Russian currency as well as the currency placed in circulation by the Germans during the period of occupation. This monetary unification alone absorbed Lei 7,500,000,000.

All told, the present Rumanian debt is as follows:—

Internal funded debt.....Lei	8,783,862,452.05
Internal floating debt.....	12,150,000,000.00
External funded debt.....	1,552,145,877.70
External floating debt.....	2,875,284,981.83

Total debtLei 20,311,293,311.58

If to this amount is added Rumania's share of the former Austro-Hungarian monarchy's debt, by reason of the provinces reunited to Rumania, and the share which she must take over of the debt owed France by Russia, by reason of the annexation to Rumania of Bessarabia, the entire public debt reaches about Lei 25,000,000,000.

RUMANIA'S CREDITORS

As against the above stated debt, what is owed Rumania?

1. In December, 1916, and again in August, 1917, Russia acknowledged her debt to Rumania for war materials furnished. This, together with the Rumanian treasure, private and public, stored at Moscow, and with the compensation which Russia agreed in September, 1917, to pay Rumania for damage done to private and public property by the passage of the Russian troops, amounts to a total of Lei 15,200,000,000 due Rumania.

2. According to the peace treaty, Austria is Rumania's debtor conjointly

with Germany. The withdrawal from circulation of 8,500,000,000 Crowns makes the former Austro-Hungarian monarchy and the Bank of Austria debtors to Rumania to this amount, or Lei 5,000,000,000.

3. At Spa as well as before the Reparations Commission, Rumania presented her claim against Germany for damages during the German occupation, damages to prisoners of war, war pensions, etc., amounting to Lei 31,099,862,761 in gold. Even if it were admitted that Germany will not pay the allied nations more than 100,000,000,000 marks gold, and that Rumania's share will not be more than one-hundredth, Rumania would receive 1,000,000,000 marks gold, which, at the present rate, is equivalent to more than Lei 20,000,000,000—a sum which would alone suffice to wipe out the internal floating debt and to fund a good part of the external floating debt.

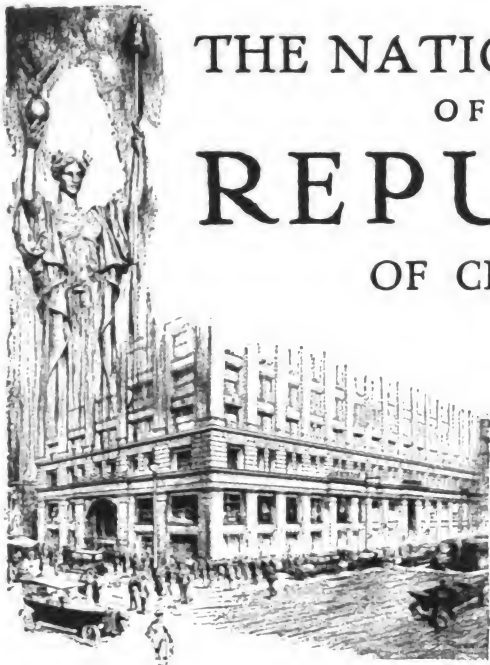
If to the above amounts owed Rumania is added the obligation contracted by England towards Rumania, by reason of England's request for the destruction of Rumania's oil machinery and installations when the German invasion was imminent, Rumania's public debt dwindles almost to nothing.

In conclusion it is well to note that the largest part of the Rumanian public debt is internal; that from reliable sources, the national wealth is estimated at Lei 50,000,000,000 gold; that the public debt being of Lei 4,000,000,000 gold, the proportion of the public debt is 12 to 100, which is very low in comparison with other nations.

The public debt, per capita, calculated in France, of some of the countries participating in the war, is as follows:

United States (June 30, 1920).....	1176
Great Britain (March 31, 1920).....	4269
France (Jan. 1, 1920).....	5727
Italy (March 31, 1920).....	2544
Germany (June 30, 1920).....	5480
Rumania (March 1, 1921).....	1770

This table shows Rumania to be the second smallest debtor, the United States alone having a lower per capita debt.



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REPORT OF BANCA MARMO- ROSCH, BLANK & CO., BUCHAREST

"Rumania, with an enlarged territory and increased population, has been forced to adapt herself—after the war—to administrative, judiciary and economic exigencies, and has had to meet her engagements with technical material and a human crew not sufficiently prepared for the task," declares the report for 1920 of the directors of Banca Marmorosch, Blank & Company. The report was recently received by Arthur Zentler, executive delegate for the bank in New York, with offices at 31-33 Broadway.

"In this situation she was compelled to find immediate and unerring remedies for all evils resulting from a gigantic war. Much to the surprise of her enemies, our country began to win in this field too. Almost all of the tillable soil of new Rumania, is now being cultivated due to the fact that the peasants have been made land proprietors—a powerful barrier against any disturbing influence. The spirit of activity in the

existing industries, and in those to be created, is developed among the working men as well as among the owners; the means of communication are improving continually, and the hopes for betterment are gradually passing from the realm of imagination to actual reality. This great economic rebirth is crowned by financial projects, intended to reorganize our taxes and insure our ordinary and extraordinary expenses, indispensable to the economic reconstruction.

"In 1920, closing the seventy-third year of existence of this institution, your bank has deemed it her duty to pay special attention to the new territories, where she has manifested herself, either by opening new branches or by nationalizing several other financial institutions.

"In order to fulfill this mission on the one hand, and on the other, to re-establish the proportion between our own resources and the deposits which have continually increased, we have raised our capital from Lei 75,000,000 to Lei 125,000,000.

"Although we contributed on a large

scale to the satisfaction of the numerous needs created by the process of reorganization of the country, we maintained the fundamental principle of mobility of assets, as may be seen from the statement as of December 31, 1920.

"Last year our old branches operated again to our entire satisfaction. The statement of the Paris branch shows satisfactory results. In addition to these, we opened branches in Arad, Brasov, Cluj, Ora-Dia-Mare and Targul-Muresului which are already operating.

"We deemed it necessary to establish a branch in New York, because of the great number of fellow countrymen residing in the United States. Besides the Constantinople branch we established an agency in the quarter of Stamboul. Thus, your bank has twenty-four branches, three of which are in the capital.

"In the principal commercial centers of Ardeal and Banat, where we have not established branches, the bank has adopted the principle of cooperation, affiliating with the most important local institutions. The bank has contributed to increases in the capital of the following institutions:

"The Bank of Timisoara and Commercial Stock Company, Timisoara; Casa Noastra, Satu-Mare; Casa Romana, Baia-Mare; Bank of Commerce and Deposits, Joint Stock Company, Saloniki; Rumanian Credit Bank, Bucharest; Bank of Commerce, Craiova; Banca Moldova, Iasi; Central Bank of Ploesti, Ploesti.

EXHIBIT OF RUMANIAN TEXTILES

The Rumanian Educational Bureau has opened to the trade an exhibit of textile work of that country at the French-American Chamber of Commerce, New York, presenting embroideries, rugs, blouses, dresses and other apparel, manufactured by Rumanian peasants, who constitute about seventy-five per cent. of the country's population. Arthur Zentler, New York representative of Banca Marmorosch Blank

& Company, of Bucharest, Rumania, said relative to the exhibit:

"The exhibit is a good refutation to recent reports here that 'no one in Rumania is thinking of serious work.' By bringing to America the industrial product of the Rumanian peasantry, their activity in other lines than working in the soil is shown.

"Rumania recently needed 18,000,000 pounds of cotton yarn, extra hard twist, No. 6 to No. 24. Negotiations were under way to obtain in the United States 1,000,000 packages of $4\frac{1}{2}$ kilograms each. The amount involved in filling requirements would have been about \$10,500,000. Three-year credits were offered but owing to delay on the part of spinners, it was too late for the goods to be delivered in season to Rumania. Better terms and earlier delivery were secured in European markets."

TRADE IN JUGOSLAVIA

Total imports for last year were valued at 3,487,996,150 dinars, cotton goods alone accounting for more than forty per cent. of this total. Reforms in the statistical division give more accurate data for the last quarter of the year when percentages are obtainable. During this period only 5.17 per cent. of all imports originated in Great Britain. Italian goods accounted for 34.43 per cent., Austria 22.08 per cent. and Czecho-Slovakia 12.85 per cent.

The National Bank of the Kingdom of Serbs, Croats and Slovenes has increased its capital from 10,000,000 to 30,000,000 dinars gold, but the extra capital payment was permitted in paper instead of gold, the dinar being valued at 600 in paper for the equivalent of 100 in gold, although the price in the open market was only 400. When the rate falls to 400 the National Bank will buy and thereby establish the new capital on a gold basis.

On December 31, 1920, the cash in hand was 64,174,367.25 gold; 15,540,387 in silver, 2,088,788.95 in foreign money, 349,556,935.79 in foreign checks, in all 431,362,478.99 dinars. Bills discounted represent 232,027,-

BANK OF ROUMANIA, LIMITED

(Founded 1866)

(Registered in London on 17th April, 1903, under the Companies Acts, 1862-1900)

Head Office: 17, TOKENHOUSE YARD, LOTHBURY, LONDON, E. C. 2.

Branch: 11, CALEA, VICTORIEI, BUCAREST.

Directors:

E. W. H. BARRY, Esq. **C. DE CERJAT, Esq.** **THE VISCOUNT GOSCHEN**

GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.

LIEUT.-COL. SIR ALBERT STERN, K. B. E., C. M. G.

Bankers: BANK OF ENGLAND. MESSRS. GLYN, MILLS, CURRIE & CO.

A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

420.15; the State debt, 3,283,291,-499.96; sight deposits, 115,157,488.81; notes in circulation, 3,844,127,710 dinars. The net profit was 3,556,-849.34, or 158.40 dinars per share. The bank had in 1920 fifteen branches in different parts of the country. The price of the shares (500 francs gold) is actually 2,880 dinars. The notes issued by the National Bank are the only bank notes in circulation in the country with the exception of a small number of old Austrian notes of 10, 2 and 1 crowns (4 crowns equal 1 dinar). The total number of crowns in circulation is estimated to be about 200,000,000 dinars.

Switzerland

STAMP DUTY ON COUPONS

The Swiss federal assemblies on June 25 enacted the law regarding stamp duty on coupons. An analysis of the measure has been issued by the Union Bank of Switzerland to clear up errors which have appeared in the press of other countries. Subject to the tax are:

1. Coupons of Swiss securities. Exempt from the tax are only coupons of securities issued by the Swiss Confederation, the Swiss Federal Railways and the Cantons, if before the law en-

tering into force they have been declared tax-free.

2. The coupons of foreign securities circulating in Switzerland, in so far as—after the law entering into force—they will be issued here or quoted on any of the Swiss Stock Exchanges. In all other instances, especially so if the foreign securities are merely deposited in Switzerland, no tax will be levied on the coupons.

3. Interest from money deposited with Swiss banks, provided that same is invested for a period exceeding six months or that the repayment can only be demanded upon notice of more than six months.

Tax-free, therefore, is the interest from all current-accounts and from deposits at notice, if the time of investment does not exceed six months.

With regard to the percentage of the tax no distinction whatsoever is made between Swiss and foreign securities subject to the tax.

The tax is only:

Two per cent. on coupons of bonds or debentures and on credited interest subject to the tax.

Three per cent. on shares, stocks, founders' shares, bonus-shares and bonus-certificates.

Six per cent. on premiums of bonds drawn for redemption with a premium.

The new law on coupons duty is yet subject to the vote of the people if they should choose to avail themselves of that right, which however will hardly be the case. After expiration of the so-called referendum limit—which ex-

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In other words, this service is a Bank's *experienced and reliable world correspondent*—covering every detail of foreign commerce thru a single arrangement. It is a strong and profitable link between any Bank and its customers who have thoughts of Foreign Trade.

We shall be glad to give you fullest particulars. Address any of our offices, or:—

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Ostend

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Banca Romaneasca

HEAD OFFICE: BUCHAREST

Paid Up Capital Lei 160,000,000.00
Reserve Lei 79,000,000.00

N. P. STEFANESCO, General Manager

I. SAVESCO, Manager

I. C. PILIDI, Sub-Manager

N. BANULESCU, Sub-Manager

D. CONSTANTINESCO, Sub-Mgr.

C. T. TEODORESCO, Sub-Manager

S. HENZEL, Sub-Manager

BRANCHES

ARAD

BALTZI

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tends to October 4, 1921—the Swiss Federal Council is to fix the date on which those provisions are to become effective.

Netherlands

NETHERLANDS TRADE SITUATION

Banks, insurance companies and similar institutions in The Netherlands had a prosperous year in 1920, even though the financial situation had been and is serious, due to the large inflation in currency, reports to the Department of Commerce indicate. The adverse balance of trade is causing serious concern also.

The Netherlands increased its wealth very largely during the war and much of this wealth was invested abroad. However, the adverse trade balance has

now grown to such stupendous proportions as to cause alarm. During the last four years this adverse balance has increased by 3,417,734,600 guilders. Money exchange brought this to 3,647,-974,600 guilders. Assuming a large income from foreign investments, Dutch financiers foresee difficulty in maintaining the international exchange value of the guilder.

Comparative bank statements show that January 1, 1921, there was in circulation or in the banks gold to the value of 636,141,000 guilders; silver to the value of 21,457,000 guilders, paper currency to the value of 1,116,021,000 guilders; other demand paper to the value of 95,240,000 guilders; discounts to the value of 211,970,000 guilders, and accounts current to the value of 285,870,000 guilders, a total of 2,366,-699,000 guilders, as compared with a total of such items January 1, 1914, of 616,610,000 guilders. There was also floating indebtedness of the Government in the nature of credits amounting to about 490,000,000 guilders. The grand

The Bank of The Philippine Islands

(Established 1851)



MANILA, P. I.

Branches : ILOILO and ZAMBOANGA

JUAN DE ORMAECHEA, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Department

Capital fully paid-up - (pesos) 6,750,000.00
Reserve Funds - . - " 5,972,500.00

(\$0.50=1 Peso)

*Transacts General Banking Business
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LONDON: National Bank of Scotland, Limited

SPAIN: Banco Hispano-Americano

HONGKONG: Netherland India Commercial Bank

SAN FRANCISCO: Wells Fargo Nevada National Bank

NEW YORK: National City Bank, The Equitable Trust Company
and Guaranty Trust Company

PARIS: Comptoir National d'Escompte

AUSTRALIA: Bank of New South Wales

SHANGHAI: Bank of Canton, Ltd.

CHICAGO: Continental and Commercial National Bank

JAPAN: Sumitomo Bank, Ltd., and The Bank of Taiwan, Ltd.

total of currency and credits reached about 2,856,000,000 guilders, or more than four and a half times the same items just before the war. The natural result has been undue speculation and undue expansion of business organizations, this inflation explaining in a great measure the great expansion in issues of capital during the past two years. Dutch financiers expect to be able to reduce this volume of currency and credits through ordinary channels, but the situation is not without its unfavorable features. Revenues last year reached a new high total of 711,336,000 guilders.

India

INDIAN TRADE OPPORTUNITIES

If American exporters are willing to fight for the new market in India which they developed during the war they have a good chance of keeping it. This is the opinion of R. Stuyvesant Pierrepont, director of the Bank of America, New York, who recently returned from a several months' tour of India in the course of which he made an investigation for the foreign department of the bank.

Conditions for imports from the United States will grow increasingly favorable during the coming years, as exchange differences clear away.

Japan is the strongest immediate competitor for this new business, declares the foreign department of the Bank of America, reporting on Mr. Pierrepont's findings. In 1913-1914, 6.2 per cent. of India's total trade (export and import) was with the United States. In 1919-1920, this proportion was increased to 13.8 per cent. In the prewar year, 6.4 per cent. of India's trade was with Japan, while in 1919-1920, this percentage had increased to 12.3. The United Kingdom's share of India's trade in the same years decreased from 40.7 to 37.7 and that of

the whole British Empire from fifty-two to fifty-one per cent.

Scandinavia

CONDITIONS IN SWEDEN

Brown Brothers & Company have received a letter from their correspondents, the Skandinaviska Kreditaktiebolaget, Stockholm, Sweden, which deals with current conditions in Sweden and also discusses the outlook for trade there. Extracts from this letter follow:

"It is quite clear that Sweden and its industry have not been able to avoid the crisis which is at present invading most countries, especially those which resolutely try to stop further inflation and stabilize the price level. A feature which is of special difficulty for Sweden is the falling off of the important export of wood which otherwise at this time of the year attains very large figures. The sales have hitherto been very insignificant and as yet there are no signs of a returning activity. Also the position of other industries in Sweden, as in other countries, is not very satisfactory at present. However, a not insignificant export of paper is still going on. The ore export has likewise been rather considerable during the past months of the year. April even shows a record figure of 450,000 tons for the export of ore via Narvik. The export for April amounted to 68,800,000 kroner, whereas the import was 105,000,000 kroner. The excess of the import is thus 36,700,000 kroner, which means a considerable improvement of the trade balance as compared with the same month last year, when the excess of import was 103,200,000 kroner. At the same time the export was 163,700,000 kroner.

"With regard to the money market, this has hitherto showed a very great resisting power. In spite of the fact that all values on 'Change have been falling continually for months back and

in spite of the general industrial situation, no serious failures have occurred. Of course, there has been a sifting out of a number of war-enterprises, but hardly anything more.

"It must not be forgotten, that Sweden, perhaps in a higher degree than most countries has very sound business and banking conditions based on traditions extending over many decades and that Sweden has been spared the economic devastations of the war, even if it has not been able to avoid the consequences of the inflation. Further it owns inexhaustible supplies of raw materials, necessary for the whole world, which may sink in price and for a time be dispensed with, but for which there will always sooner or later be a demand.

"In the last place Sweden is of course dependent on the general development of the world market. If the agreement between the Entente and Germany should really prove to lead to an improvement of the international position and if the trade relations with Russia and the countries of Central Europe could be reestablished in a durable way, there is every reason to suppose that this will react in a favorable manner also on the economic conditions of Sweden. It seems as if the crop will be satisfactory, and consequently, the import of grain and sugar may be reduced to a minimum.

"The note circulation is constantly diminishing. At present it amounts to about kroner 630,000,000, as against upwards of kroner 800,000,000 a year or two ago. The discount rate is at present six and one-half per cent. It is not improbable that we shall have to expect a further reduction of this rate."



International Banking Notes

Indication that the International Acceptance Bank, New York, is preparing to enter the financial field in the Scandinavian countries is to be seen in the announcement that the institution has formed an alliance with Den Norske Credit Bank of Christiania. The Norwegian Bank has purchased

a small block of stock in the New York institution and will act as its agent in the Scandinavian countries. Den Norske Credit Bank of Christiania was established in 1857, has total assets of 375,000,000 kroner and is one of the firmly established institutions of the country. James P. Warburg, son of Paul Warburg of the International Acceptance Bank, has been made secretary of that institution and sailed on August 25 for Norway and Sweden for a general survey of the financial situation in the Scandinavian countries.



The one hundred and eighth ordinary meeting of the Standard Bank of South Africa, Ltd., was held in London, July 27, William Smart presiding. He reviewed in his address general business conditions in Africa, touching upon the more important business and banking activities of the territory. He called attention to the absorption of the African Banking Corporation during the year, and of the purchase by the bank, in conjunction with the London County Westminster and Parr's Bank and the National Provincial and Union Bank of England of shares in the Bank of British West Africa. With regard to figures for the year, he said:

"The subscribed capital has increased by £2,666,660 to £8,916,660 and the paid-up capital by £666,665 to £2,229,165, consequent upon the issue of 133,333 shares in exchange for African Banking Corporation shares. This leaves a balance of £1,083,340 authorized capital available for issue when necessary. The reserve fund now stands at £2,893,335, the increase being consequent on the amalgamation. Notes in circulation stand at £4,609,342, the increase being accounted for by the note issue taken over from the African Banking Corporation. Our deposits have increased from £52,624,150 to £57,285,172, due chiefly to the amalgamation, but as the fall of prices continues, banking deposits decline, and we shall probably see these figures at a lower level.

"Turning now to the assets side of the balance-sheet, you will no doubt note with satisfaction the strength of our cash position, the total cash holding at March 31 being £10,221,077. Our investments stood at £5,266,252, an increase of £583,063 on the figures for 1919. My predecessor in the chair last year foreshadowed the necessity of having to make provision for depreciation and you will see from the profit and loss account that it has been necessary to provide out of profits no less than £200,000

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

	(£5--£1.)
CAPITAL (Authorized) - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - -	15,000,000
PAID-UP CAPITAL - - - -	10,200,000
RESERVE FUND - - - -	10,500,000

DIRECTORS.

E. BOSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
SIR RICHARD V. VASSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARIS BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Macao, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. **URUGUAY:**—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago, Antofagasta. **UNITED STATES OF COLOMBIA:**—Bogota. **PARAGUAY:**—Asuncion.

Correspondents in all other places of importance in these South American Countries

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in order to write down our investments to the market price as at the date of the balance-sheet. Since then the value of our securities has materially improved, and I trust that it will not be necessary to make provision for depreciation in our next balance-sheet.

"From the profit and loss account you will see that the total net profits for the fifteen months to March 31 amount to £759,377, to which has to be added £210,446 brought forward from 1919. Out of this we have already paid two interim dividends up to June and December of last year, and it now remains for us to declare a final dividend for the three months to March 31 last. This we recommend should be 3s. 6d. per share, being at the rate of fourteen per cent. per annum, and in addition a bonus of 3s. 1½d. per share, which is equivalent to 2s. 6d. per annum, the same rate as for 1919."

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At the annual general meeting of the Union Bank of Australia, Ltd., held in London July 25, a dividend of fifteen per cent., free of income tax, was declared. The reserve fund of the bank was increased by £120,000 to £2,750,000. The shareholders

authorized an increase in the bank's capital to £9,000,000, which will be undertaken when the directors think advisable.

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The twenty-seventh annual general meeting of the Bank of British West Africa, Ltd., was held in London July 14, the Right Hon. the Earl of Selborne, K. G., G. C. M. G.; (the chairman), presiding. In moving the adoption of the report and accounts, the chairman, after a running commentary on the salient figures of the accounts, said with regard to the profit and loss account, while the net profit was higher than it was a year ago, it was less in proportion to the increased capital, but it was only fair to say that they had not had that increased capital available for their purposes for the whole year. They proposed to charge to the profits the whole of the stamp duty of £20,000 paid in respect of the new capital, and to apply £15,000, as they did a year ago, to the depreciation of premises and furniture, and £5,000 to the insurance fund. In view of the trade conditions universally prevalent, the shareholders would not be surprised to find that the directors had decided to recommend a



BANCO DE BILBAO

This bank, with its head office in Bilbao, Spain, was founded in 1857, and is now one of the largest banks in Spain

dividend of only eight per cent. for the year, as against ten per cent. last year. Out of twenty-six dividends declared during the history of the bank, no less than sixteen had been at the rate of eight per cent., so that they were not asking the shareholders on this occasion to accept a dividend which was unusually small. Nevertheless it was a disappointment that there should be any reduction, and were it not that immediate prospects were so uncertain they might have paid something more. The comparatively large sum of £19,000 had been added to the carry forward, bringing that item up to £50,180.

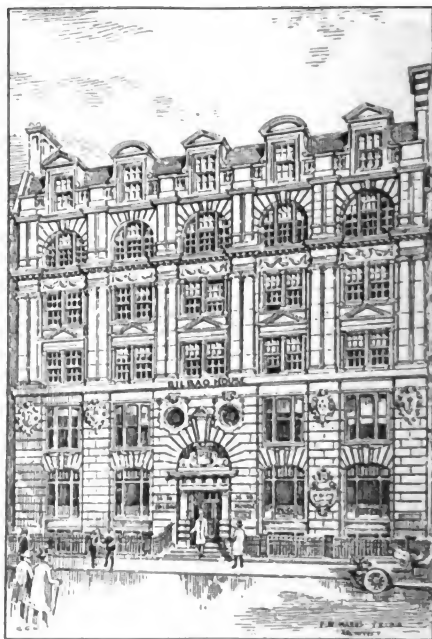
During the year the capital of the company had been increased to £4,000,000 by the creation of 200,000 new shares of £10 each. Of these, 100,000 (£4 paid) were issued at the price of £6 5s. per share to the London County Westminster and Parr's Bank, the National Provincial and Union Bank of England, and the Standard Bank of South Africa. The premium of £2 5s. per share, amounting to £225,000 had been added to reserve. This arrangement was entered into with the concurrence of Lloyds Bank, Limited, which institution held 37,500 of their shares. Of the total issued capital of the bank, therefore, over forty-five per cent. was held by the four great banks named. In conclusion, his Lordship stated that he had decided to pay a visit to the British West African Colonies next winter, and he hoped to visit a large number of the branches of the bank, and thereby to

give himself a first-hand knowledge of its West African business and staff.

©

The ninth annual meeting of Hambro's Bank of Northern Commerce, Ltd., was held in London in July, Sir Everard Hambro, K. C. V. O., the chairman, presiding.

The chairman said in the course of his address: "The accounts cover a whole year's trading of the British Bank of Northern Commerce (Ltd.), which, on its amalgamation with Messrs. C. J. Hambro and Son, became Hambro's Bank of Northern Commerce (Ltd.), and this amalgamation at the date of the report had been in operation for five months. A special dividend of seventeen and one-half per cent. up to October 31 was declared to the old shareholders of the British Bank of Northern Commerce. Similarly, Messrs. C. J. Hambro and Son took the profits earned by their firm up to that date. The profit and loss account therefore contains seven months' working of the British Bank of Northern Commerce, and five months' working of the joint concern. These profits, after paying all expenses, amount to



BILBAO HOUSE

London office of the Bank of Bilbao



*"The Swedish Bank
of Commerce"*

Svenska Handelsbanken STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

£346,982 17s. 7d. From this has to be deducted income tax, stamp duty on new capital, reserve for corporation tax, seventeen and one-half per cent. interim dividend already paid, and £100,000 to write down all our securities, other than 1922-1923 National War Bonds, to market prices. We now propose a dividend of five per cent., leaving £73,787 to be carried forward.

"During the last few months it has, however, gradually become clear that the retention of the words "Northern Commerce" is prejudicial to the bank's business in southern and overseas countries, where the impression has been created that the international position of the bank has to some extent been narrowed down. Your board have, therefore, unanimously decided that in the interest of the bank its name had better be altered and abbreviated to Hambro's Bank, Ltd."

The report and accounts were adopted and a final dividend of five per cent. for the year, free of income tax, was declared, payable on and after the 22nd inst.

At a subsequent extraordinary meeting the proposal to change the name to Hambro's Bank (Ltd.) was approved.



Madrid branch of the Banco de Bilbao

The National City Bank of New York has discontinued publication of *The Americas*. The July issue was the last. The bank gives as the reason that the foreign trade of the United States and the development of the institution's foreign branch system have become world-wide; and that to do justice to this field in any single magazine is a matter of such breadth and importance that it lies beyond the province of any periodical that might be published by a private institution.

©

At an extraordinary meeting of the Alliance Bank of Simla it was resolved to increase the authorized capital to three crores of rupees. The present authorized capital is one crore, in shares of Rs. 100, Rs. 55,000,000 being in six per cent. preference shares and Rs. 45,000,000 in ordinary shares.

©

The Foreign Trade Financing Corporation, 35 Wall street, has received permission to quit business in the interest of its creditors and stockholders. The petition of the bank to the Supreme Court stated that the total debts were \$513,008; and that the corporation had sufficient assets to pay them and leave a surplus for the stockholders. More than sufficient cash was on hand to pay deposits of \$107,059, the petition said.

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The agent of the Hong Kong and Shanghai Banking Corporation at New York has received a telegram from the main office that the directors have declared an interim dividend of £3 per share, payable August 8.

©

John A. Terrace has been appointed manager of the foreign department of the Guaranty Trust Company of New York.

©

The directors of Lloyds Bank, Limited, have declared an interim dividend for the half-year ended June 30 last, of 1s. 8d. per share, being at the rate of sixteen and two-thirds per cent. per annum, payable,

less income tax, on and after July 30. This is the same as a year ago.

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Robert C. Mayer of the banking firm of Robert C. Mayer & Company, New York, is in Europe on an extensive trip to study conditions, particularly in Germany.

©

Disconto-Gesellschaft, Berlin, in its review of German economic conditions calls attention in the following table to the reduced share of the total import trade of various countries held by Germany in 1920 compared with 1913:

	Germany's share of the total imports in per cent.	
	1913	1920
England	10.47	1.61
United States	10.40	1.63
Italy	16.80	5.56
France	12.50	7.50
Belgium	15.50	8.08
Japan	9.33	0.64
Switzerland	32.90	19.06
Holland	30.20	26.50

The bank holds out little hope for immediate cessation of paper currency inflation owing to the tremendous sums which must be raised for reparations payments and repayment of export taxes to exporters. The floating debt of Germany has increased from 174 billion marks, January 31, this year, to 214.2 billion marks, June 30.

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The All America Cables, Inc., 89 Broad street, New York, has published a Foreign Trade Atlas of Central and South America in the interest of the American business man. The book is cloth bound, measures 11 x 14 inches and contains maps not only of the individual countries of Central and South America, but geographical divisions and sub-divisions as well. A large amount of information about the different countries is given, including population of chief cities, distance tables from American ports, full information about areas, climate, population, religion, government, education, industries and resources of each country, and a complete index of the towns of each country. Also included is a valuable map of the United States, and separate maps of Cuba, the West Indies, Mexico and Central America. The work contains sixty-nine pages.



Virginia Trust Company's New Home

ON the succeeding pages are shown some views of the new building of the Virginia Trust Company of Richmond, Virginia. This building, which was recently completed, is considered to be one of the finest in the South. Alfred C. Bossom of New York is the architect.

The Virginia Trust Company was organized twenty-nine years ago. Its consistent progress and stability have always been attributed to the strength of its directorate. The original board consisted of twenty-one of the outstanding, successful men of Richmond, the president or vice-president of nearly all of the banks at that time being represented on the board. Throughout the years that have followed the Virginia Trust's Board has always been composed of strong men, not only men of wealth, but of the highest character and standing.

The company was organized as a fiduciary institution and has always confined its operations to that line. It does not solicit commercial business although it accepts savings accounts and its deposits are about \$3,000,000. The present capital is now \$1,000,000, earned surplus \$900,000 and it has more than \$20,000,000 trust funds under its control. It pays eight per cent, dividends and while the actual value of the stock is \$190 a share, it will sell for \$295 or \$100 over its actual value, which is an indication of the confidence in which the company is held.

The first officers of the bank were: President, James B. Pace; vice-president, Mann S. Quarles; secretary and treasurer, John Morton. The first directors were as follows: C. W. Branch, Jno. P. Branch, Joseph Bryan, A. L. Boulware, Jas. N. Boyd, E. D. Christian, W. S. Forbes, Lewis Ginter, J. J. Montague, L. Z. Morris, Fred. S. Myers, James B. Pace, T. Wm. Pemberton, Thos. Potts, Mann S. Quarles, M. B. Rosenbaum, Charles Watkins, Chas.

E. Whitlock, Philip Whitlock, T. C. Williams, Jr.

The present directors are:

E. B. Addison, director, National State and City Bank; W. Meade Addison, president, Planters National Bank; Jno. W. Boyd, tobaccoconist; Jonathan Bryan, president, Richmond Forgings Corporation; Spencer L. Carter, vice-president V.-C. Chemical Company; J. Elwood Cox, president, Commercial National Bank, High Point, N. C.; W. S. Forbes, W. S. Forbes & Company, meat packers; Charles W. Horne, president Clayton Banking Company, Clayton, N. C.; Herbert W. Jackson, president of the company; J. J. Montague, vice-president, Southern Biscuit Works; L. Z. Morris, president, Savings Bank, Richmond; John L. Patterson, president, Citizens Bank and Trust Company; Morton B. Rosenbaum, director, Planters National Bank; Walker Scott, vice-president of the company; Fritz Sitterding, president, Sitterding-Carneal-Davis Company; Jaquelin P. Taylor, chairman of board, Universal Leaf Tobacco Company; Gordon Wallace, R. L. Christian & Company; T. C. Williams, Jr., president, Alleghany Box Company; John L. Wingo, tobaccoconist; Coleman Worthham, Davenport & Company, bankers.

The present officers are:

Herbert W. Jackson, president; T. C. Williams, Jr., vice-president; Walker Scott, vice-president; L. Z. Morris, vice-president; Thomas C. Gordon, trust officer; W. B. Jerman, assistant treasurer; Lewis D. Aylett, secretary; John H. Southall, treasurer; Preston B. Watt, assistant secretary; Ernest M. Long, associate trust officer; Charles Watkins, manager bond department; Judge George L. Christian, advisory counsel.

The illustrations on the following pages will give the reader a good idea of the new home of this conservative and yet progressive institution.



THE NEW HOME OF THE VIRGINIA TRUST COMPANY

The great Roman Arch which forms the facade of this building gives an air of strength and permanency which is especially appropriate for a fiduciary institution. To avoid being dominated by its surrounding the architect adopted the most durable light material.



GENERAL VIEW OF INTERIOR

The great window not only is an object of beauty but floods the interior with daylight. It will be seen that the tellers' cages are on one side of the lobby and the officers' quarters on the other.

Note that each officer has his own private consultation room, so that customers can discuss with them matters of a confidential nature without fear of being overheard.



Showing officers' quarters and private consultation rooms



England supplied the inspiration for this directors' room—a room not large but something different



VIEW FROM MEZZANINE OF THE GLASS DOME

The sun streaming through the amber glass dome creates a harmony of soft colors which gives to the bank a cheerful and restful atmosphere. Note the details of the polychrome Italian coffered ceiling.



View of the vault which is one of the finest in Virginia



General view of the lobby showing detail of the check desks



WORKING QUARTERS ON THE MEZZANINE

Ample room for expansion is left on the mezzanine where working conditions are ideal owing to the supply of natural light afforded by the large windows in the rear



ANOTHER VIEW OF THE MEZZANINE

Note the graceful lines of the chandelier. These light clusters flood the interior with light on dark days or at night although the natural lighting facilities are such that one can imagine few days when artificial light would be necessary.



Security Corner and Security Bank Building—both occupied by Security Trust & Savings Bank

A Great Departmental Bank

Security Trust and Savings Bank of Los Angeles

DEPARTMENTAL banking, by which one institution performs for its patrons every kind of banking service, is becoming of increasing interest to bankers all over the country.

Those who attend the A. B. A. convention in Los Angeles in October will find in the great departmental banks of that city matter for thought and investigation. California's Bank Act was first in the United States to recognize, organize and regulate departmental banking. Under this Bank Act, the various departments of banking activity in one institution are strictly segregated as to accounts, investments and capital and surplus. Officers and employees, however, are not segregated and may work in any or all departments.

Security Trust and Savings Bank has been for a decade and more the largest

financial institution in Los Angeles, and in the statement of June 30, 1921, showed deposits of \$90,128,000. On that date it ranked seventeenth among the great state banks and trust companies of the country, and is exceeded in volume of deposits by only one state bank and trust company west of the Missouri River.

There are twenty-five principal banks in Los Angeles. The Security Bank holds more than one-fifth of all the bank deposits of the city.

One of the first banks in California to avail itself of the departmental form of organization, the Security has shown a growth in business and in total assets greater even in proportion than the phenomenal growth of the city. With deposit accounts exceeding 117,000 in number besides a volume of current trust business averaging in excess



Commercial Banking Room, Main Bank

of \$65,000,000, it has become the largest of the representative state banks of the city.

In 1907, when the Security Bank occupied what is now the savings bank room, in the then new Security Building at Fifth and Spring street, it was supposed that quarters had been provided sufficient for all the departments of the bank for many years. But so great has been the demand for more space that the bank now occupies all of the ground floor and basement, most of the second floor and part of the third floor; also it has absorbed the Security National Bank, adjoining on the south, and occupies the entire Security National Building.

This building contains the commercial department. Its Greek facade with columns of solid granite, and the high interior with walls of white marble, give it great architectural distinction. The banking room is peculiarly light and well ventilated. Interior fittings

are of deep red Numidian marble, bronze and red mahogany.

The savings banking room, in which are located also the collection and other departments of the bank, occupies the whole lower floor of the Security Building, on the corner, with five street entrances. The lobby follows the outer walls, next the street, the counters being alcoved to give a maximum of wicket space.

Though the quarters of the bank are unusually large, and the equipment and fittings of the highest class, this is not the reason for the bank's great growth and popularity in Los Angeles. The dominating feature of the bank is SERVICE. Each of the banking departments is organized upon the "unit" plan, by which the depositors are divided in alphabetical groups. All the signature cards, ledgers and records for each group in both savings and commercial departments are at the hands of the force of tellers and bookkeepers,

thus making each unit complete in itself. By this means it is able to maintain friendly acquaintanceship with its patrons. The dominant asset of the Security Trust and Savings Bank is the **GOOD WILL** of the community.

Thirty-two years ago, when J. F. Sartori, then cashier and now president, assumed active charge of the affairs of this new-born, one-room savings bank, he decided a policy which can be summed up in one word—**SERVICE**. As the deposits have grown and the number of depositors has increased, the force has been augmented

bond issues, the present volume of current trust assets exceed \$65,000,000 in value.

The trust department includes, in addition to the regular fiduciary facilities, an escrow department, a division of corporation service, and a community foundation, a mechanism for carrying into effect benevolent and charitable provisions in the wills of those who desire to devise money or property, with a certainty that it will be carefully and honestly applied for the purposes intended.

Nearly the whole second floor of the



Savings Banking Room, Main Bank

and to each new man has been taught the same principle—competency, accuracy, and careful considerate attention to the patrons.

A tremendous power in the upbuilding of the modern city of Los Angeles, the bank has never lost sight of the fact that the money in its charge was "other people's money," and that its first duty was to its depositors.

TRUST DEPARTMENT

The growth and success of the trust department of the Security Bank is hardly less notable than that of the banking departments. Trust business was added to the bank's functions less than ten years ago. Excluding real estate and other trusts in which the bank holds property as security for

Security Building is occupied by the trust department, which, in the completeness of its appointments, the size of its working force, the volume of business, and the area of space occupied, ranks as one of the largest fiduciary institutions west of Chicago.

DEPARTMENT OF RESEARCH AND SERVICE

The whole region tributary to Los Angeles, including Arizona, is undergoing a very rapid development in all lines—agriculture, power, industry, commerce, hotels and tourist resorts and residential developments. For its own use, any well conducted bank needs a continuous supply of the latest facts. Its friendly advice is continually sought by its patrons, by newcomers, and by

bankers at other points. To meet these needs, the Security Trust and Savings Bank has established a department of research and service, in charge of a vice-president and carried on by men of special education and training in economic research and statistics. A well equipped library, relating to the industry, commerce and agriculture of this region has been installed.

BOND DEPARTMENT

Service, rather than large profits, is the underlying motive of the bank's bond department. One of the largest purchasers of good bonds upon the Pacific Coast for its own investments, the bank was frequently asked by its customers to let them buy with or through the bank. Through this department, the Security Bank has joined many underwriting syndicates for the purchase of investment bonds of the highest character. This department, with large quarters on the mezzanine floor, maintains a library of investment news and quotations from all parts of the country, which is open to the use of the public.

BRANCHES

For the convenience of its customers, the Security Bank maintains three branches. Each branch is a complete bank, in charge of a vice-president or

a manager, in whom is vested discretion in the extending of banking accommodations. For its Hollywood branch in the city's most picturesque suburb, the bank is completing a six-story, fire-proof building. The Equitable branch, at First and Spring streets and the Seventh Street branch at Seventh and Grand avenues, are complete banks, serving respectively the northern and the southwestern ends of the downtown business district of Los Angeles.

SAFE DEPOSIT VAULTS

In Los Angeles, where a great many people come to retire from business cares, and who, therefore, may have large interests, without a business office, the safe deposit vault phase of banking has had a large development. The safe deposit department is located in the basement of the main bank and contains some 16,000 boxes. Appurtenant to the vaults is a large suite of private offices, coupon rooms, directors' rooms, where meetings of small corporations may be held; reading rooms, and other facilities so that the patrons of the vaults may make them actually their business headquarters. A similar large safe deposit equipment has been provided at the Seventh Street, the Equitable and Hollywood branches, and one is being built into the six-story, Class A building which will house the Hollywood branch.



Reconstruction in Commercial Banking

BY H. A. WROE

President, The American National Bank, Austin, Texas

THE very word reconstruction causes the blood of the "Old South" to run cold. After the Civil War it was reconstruction of life and conditions as well as finances, and beginning all over on a new plane; today it is getting back to normalcy. In other words, we are deflating the balloon of extravagance, high wages, wild speculation and exalted values that has existed during the present reconstruction days. Living

down to sanity is much harder than living up to sane ideals. Reconstruction like reform calls for leaders. In the present crisis the banks are, and must be, the head. Great educational campaigns are carried on by the up to date banks and bank journals that are far-reaching in their effect.

Beginning with the children and the schools, thrift is being impressed as never before. A nation of wasters can

never be a successful people. Take the best traits from the founders of our republic—industry, thrift, efficiency, and inculcate them in the character of the people, and future generations will forge to the front as surely as our soldiers did in the great war.

Texas has grown rich on eight cent cotton, and can do it again. Diversified

farming backed by intelligent methods is taking hold of the people. Fewer cattle and better cattle is the ranchman's slogan. The banks are sitting steady in the boat, and we feel the old ship Prosperity will soon steam ahead, and her Texas crew will display an efficiency that will carry the banks of Texas in to the harbor of Easy Times.



Making It Safe To Build—Checking Up On Building Costs

BY NOBLE FOSTER HOGGSON
President Hoggson Brothers, New York

OBVIOUSLY the purchasing department of a building concern exists primarily for the purpose of buying the materials required in a building operation. This is the *raison d'être* of such a department. Yet only a portion of its time is spent in actual buying. The intelligent purchase of building materials requires a most careful investigation prior to each purchase. It is essential that any building organization study markets and materials in all sections of the country in order to buy advantageously.

It is true in the building business, as in any other business, that lowest prices are quoted to the largest buyer and to those having the highest credit. But even with the advantage this gives to even the largest building organizations a constant study of the current and probably future trend of prices and the development of markets is essential.

There are numerous ways to gather the necessary data and various means of keeping an index finger on the national situation. One of the readiest means of approach is through the actual building operations if the concern be national in its scope.

These operations are scattered over the country and the personnel of the building concern which has been assigned to the various jobs afford local representatives in all important sections. In the aggregate they represent outposts of the home office placed

throughout the country. They can be called upon at any time for special information regarding their section and are continually sending in regular reports which can be sifted for information applicable to all operations.

In placing of sub-contracts there is still a steadily increasing source of information. For a list of all sub-contractors who have served the building organization can be easily kept on file. This list can be consulted in connection with a bid of any size. For although the policy of the national building organization is, and rightly so, to utilize sub-contractors in the locality of the building operation, there is always the chance that some other source of supply might result in a saving for the owner.

A great deal of the time of the purchasing department's personnel is devoted to consultation with sub-contractors who have submitted favorable bids—for the *specifications* must be the basis of all contracts and not the bidder's interpretation or misinterpretation of them. Then too no bidder can be allowed to secure a contract who is going to be unfair to himself in his price for this means disappointing work.

Taken all in all the work of the purchaser of supplies, materials and equipment for a big building or even a small one is of vital importance to the success of any building operation.

The Power Behind the Bank

Business conditions in the United States rest today on a sound foundation of fundamental constructive conditions.

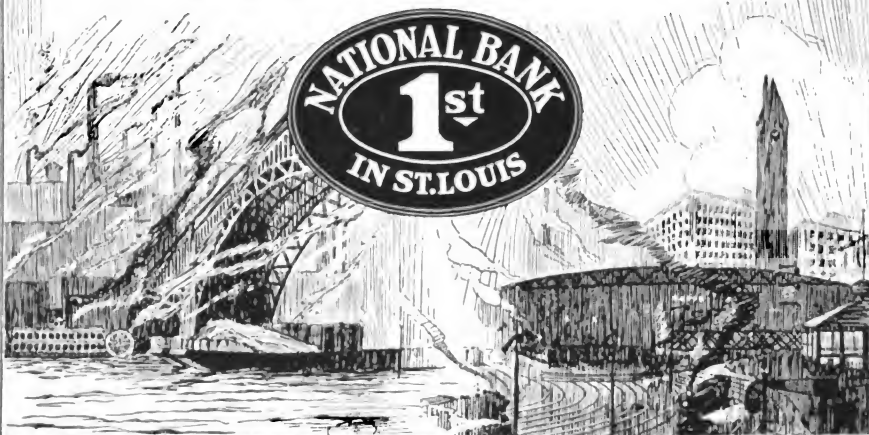
With potential domestic and foreign demand for houses, goods and food far in excess of present production, and a body of industrial citizenship working more harmoniously each day toward mutually satisfactory understanding, our great country may face, with confidence, the problems of the future.

In this spirit, the Board of Directors of the First National Bank in St. Louis, present to the business men of the Mississippi Valley the complete banking facilities of this hundred and fifty million dollar bank, offering, through its trained officers, their co-operation in seeking out the best methods to serve wisely and well the patrons of the institution.

N. A. McMILLAN
WALKER HILL
F. O. WATTS, President
EUGENE H. ANGERT
 Attorney at Law
W. C. ARTHURS
 Mt. Vernon Car Mfg. Co.
JAMES F. BALLARD
 Manufacturer Proprietary Medicines
JOSEPH D. BASCOM
 Broderick & Bascom Rope Co.
JOHN I. BEGGS
 St. Louis Car Co.
WILLIAM K. BIXBY
ROBERT S. BROOKINGS
 Washington University
G. WARREN BROWN
 Brown Shoe Co.
AUG. A. BUSCH
 Anheuser-Busch
L. RAY CARTER
 Carter Commission Co.
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 Wrought Iron Range Co.
WM. H. DANFORTH
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S. H. FULLERTON
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WARREN GODDARD
 Wholesale Grocery
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 Warren, Jones & Gratz
JOHN L. GREEN
 Laclede-Christy Clay Products Co.

NORRIS B. GREGG
 National Lead Co.
E. W. GROVE
 Paris Medicine Co.
JACKSON JOHNSON
 International Shoe Co.
ROBERT McK. JONES
 Dry Goods Commission
JOHN B. KENNARD
J. Kennard & Sons Carpet Co.
H. H. LANGENBERG
 Langenberg Bros. Grain Co.
JAMES Y. LOCKWOOD
 Southern Coal, Coke & Mining Co.
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 Southwestern Bell Telephone Sys.
H. L. PARKER
 Emerson Electric Mfg. Co.
JOHN F. SHEPLEY
 St. Louis Union Trust Co.
MOSES SHOENBERG
 May Department Stores Co.
 Sydney M. Shoenberg Securities Co.
A. J. SIEGEL
 Huttig Sash and Door Co.
GEORGE W. SIMMONS
 Simmons Hardware Co.
WALLACE D. SIMMONS
 Simmons Hardware Co.
M. E. SINGLETON
 Missouri State Life Insurance Co.
JAMES E. SMITH
J. CLARK STRETT
J. D. Strett & Co.
M. B. WALLACE
 Cupples Co.
 Union Bag & Paper Corporation

Largest National Bank West of the Mississippi
Capital and Surplus \$15,000,000.00



Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

ALTHOUGH there has been but little material change in the general business situation most observers are inclined to take an encouraging attitude because the process of adjustment is making good progress. Each month sees some added industry "taking its medicine" in the somewhat painful remedy of deflation. While business is still dull the ground is being cleared for reconstruction. It is slow work but absolutely necessary for the prosperity that is to come.

On the general situation the August letter of the National City Bank of New York says:

The observers of business are almost unanimous in their assurance that there is a "better feeling" about business. Just exactly what this recurring phrase means is difficult to state. It might be descriptive of any of a dozen psychological changes that could enter into the situation. If it means that people generally have begun to realize the causes that have thrown industry out of balance, and to appreciate the things that must be corrected before conditions come into equilibrium again, then we should say that the reported "better feeling" constituted an important advance toward normalcy. If, however, the "better feeling" means simply that people are merely smiling and waiting more patiently, rather than setting themselves seriously to the task of wage and price reductions and other readjustments that are necessary, then we fear that it signifies but little.

CONSUMERS' ATTITUDE ON PRICES

The Bache Review states in its August 13 issue:

The attitude of the consumer since he rebelled against high prices, stopped buying, and brought prices down more or less all along the line, has not changed materially. He is still a cautious buyer and figures on purchasing only what he needs for the time being. He still believes that prices have not reached their lowest point, except in a few lines. The fact that there is no uniformity, that some dealers charge less than others, tends to confirm this belief. You will find the consumer complaining that some retailers are charging as much as ever. The consumer is surprised to find how many things he can get along without. At the least rise in prices, he adds to these things. This is all to the good in the thrift movement, but bad for the merchant. Sales at cut prices, it is said, do not now bring much response, as they did at first.

Public buying in some classes of goods is said to be active, but this, it will generally be found, is due to supplies having run out. The merchant should not take advantage of demand of this kind by raising prices. The public can only be educated back to buying by low margins of profits, and the education will take a long time.

The consumer cannot be diverted from his quest for lower prices, and those who cater to this sentiment are reaping the benefit. The concerns which pared profits down to the bone at the beginning of the year are doing a satisfactory business in contrast to their neighbors, who have not adopted this policy. This applies to manufacturers as well as retail dealers. The chain stores are an evidence in point. Babson reports the average retail sales in the United States as

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$355,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

running eight per cent. to ten per cent. below last year, while reports of the larger chain-store systems, in most instances show substantial gain over a year ago.

POSITION OF THE FARMER

In a recent address W. P. G. Harding, governor of the Federal Reserve Board, stated:

The farmer is in hard lines, and the farmer, as we know, is a very important element. He constitutes about forty per cent. of our population. He is the principal producer of the necessities of life, upon which the industrial world depends for sustenance, and he is also the principal consumer of manufactured goods of every kind. Whenever any circumstances arise which impair the purchasing power of the farmer, or restrict his credit, the effect is going to be felt in industrial centers everywhere.

The farmer must be carried along. We have seen in the last four or five months in the Federal Reserve System that the peak of loans and investments was reached on the fifth of November—\$3,400,000,000. Since that time the loans and investments of the Federal Reserve Banks have been reduced by about \$1,100,000,000.

The reduction of over a billion dollars during the last four or five months in loans and investments of the Federal Reserve Banks has resulted from liquidation in the larger cities, in the financial centers and in the manufacturing centers. In no appreciable degree has liquidation taken place in the agricultural districts. The Federal Reserve Act provides that all paper discounted with the Federal Reserve Banks must have a maturity of not longer than ninety days, except agricultural paper or paper based on livestock, which may have a maturity as long as six months. The Federal Reserve Banks were carrying the first of May of this year \$230,000,000 of agricultural and livestock paper of all maturities. On the first of May, 1920, they were carrying \$106,000,000 of such paper and on the first of

May, 1919, they were carrying only \$66,000,000.

The Federal Reserve Banks have done all they could to sustain our basic industry upon which so many other industries depend. They extended credits to farmers and livestock men during the year 1920 amounting to \$1,980,000,000, as against \$729,000,000 during 1919. So the idea that some people have that the Federal Reserve Banks have been squeezing the farmer is entirely erroneous. The Federal Reserve System is not operated with the view to coerce, squeeze or oppress anybody. It is designed to be the great safety valve of business. It is a final reservoir of credit to be resorted to in time of need. It has stood the test of war and the readjustment period following and it finds itself now in a stronger position than it has occupied since the flotation of the Third Liberty Loan.

PRICE ADJUSTMENT

"It is the disturbance of old relations rather than the rise or fall of the general price level which has such a sinister effect on business prosperity," says *The Chemical Bulletin*, published by the Chemical National Bank of New York. *The Bulletin* further states:

It is significant that most of the price changes of the last few months have been in the direction of stability. The decline in food and clothing prices has been definitely checked, while continued declines are being registered in the groups, such as house furnishings and fuel and lighting, which have heretofore been most successful in resisting the pressure of tumbling prices. *Bradstreet's* index for August records a three per cent. increase in the general level of wholesale prices, an increase due largely to rising prices of livestock, provisions and textiles, groups in which the price recession has been most severe. Steadiness and a tendency toward price advances in these groups, combined with continued liquidation



Battles of Business

BATTLES of business are won by preparation and co-operation. The former includes the building of an acquaintance and a reserve of cash on deposit. The latter means getting the bank's aid in fortifying your enterprise, strengthening its outposts, or in planning and carrying on a vigorous campaign for new business.

The Seaboard National Bank is not too large to give considerate attention to the little things which mean much to the welfare of the depositor. It is not too large to lend the weight of its counsel and support to the depositor whose dealings are small, but none the less important to him.

You are cordially invited to make full use of our facilities and the complete financial Service we have to offer.

The Seaboard National Bank

of the City of New York

Total Resources over Sixty-seven Million Dollars

in the groups which have been less seriously affected in the past, indicate that the price system is recovering its equilibrium.

RENTS AND BUILDINGS

Housing conditions are summarized as follows in the August letter of the Peoples National Bank of Pittsburgh:

Almost the only item in the cost of living that has not been reduced is rents. The argument for the maintenance of rents at virtually the highest level in all history has been the curtailment in the number of new buildings erected during the past five years. This curtailment has been virtually worldwide, but apparently greatest in the United States. In 1917 and 1918 it was due to the absorption of labor and material in war activities. In 1919 and the first half of 1920 it was due to some extent to a similar absorption by the automobile industry, and also by the export trade. In those two fiscal years combined we exported nearly \$15,000,000,000 worth of merchandise, representing labor, material and capital. This total far surpassed all previous records, and within these two years the automobile industry reached the peak of its marvelous development.

Since last September, however, when trade reaction became so prominent that no one

could ignore it, the chief handicap to new building has been the restrictions imposed by organized labor upon the amount of work which an individual is permitted to render for the highest per diem wages ever paid. For example, it is alleged that a journeyman bricklayer is today limited to laying 800 bricks for a day's work, whereas his father was accustomed to laying 2,000 or more a day for one-half the present daily wage. In some degree this economic handicap applies to other skilled trades.

Necessity, which knows no law, is gradually applying the corrective to this intolerable situation. Renters have been compelled to "double up," and two or more families are now living under a roof which formerly sheltered but one. The effect is seen in reports coming from New York and Chicago, where it is said that many dwellings are idle because of the doubling-up of families who could not meet the prohibitive rents.

Permits issued for building operations in the United States for the first half of 1921, according to the best available figures, represented an estimated value of \$692,000,000, a decrease of sixteen and one-half per cent. compared with the first half of 1920. There was a slight increase in June over May, but it was confined to western and north-western states.

A readjustment in the cost of building

CASE
KEROSENE TRACTORS

Today the Kerosene Tractor bears the same relation to farming as the railroad does to commerce.

J. I. Case Threshing Machine Co.
Dept. J 401 RACINE, WIS.

and in rents is bound to occur. A lowering of rents and an increase in new building, particularly as regards dwelling houses, will occur when labor and material costs are reduced to conform to reductions which have taken place in the products of agriculture, in steel and in the textile trades. And in the meantime the shortage in buildings will be bridged in the manner stated.

BANKS CAN CONTRIBUTE TO BUSINESS RECOVERY

Before the convention of the National Association of Supervisors of State Banks the Comptroller of the Currency recently stated in part:

The banking fabric of the country is absolutely sound and secure; it is only necessary that all the elements and factors in it shall stand firmly together, shall adhere to the one general policy of public service in a time when it is so very important, in order to insure their utmost usefulness to the country.

I think nearly everybody recognizes today that the conditions which are delaying the return to industrial activity and commercial prosperity throughout the world are, to a considerable extent, artificial in their nature. Whatever else may be wrong, the world is not suffering from over-production. It is suffering from over-consumption for a long period of years, which has left it urgently in need of a resumption of production in almost every line and every country.

The people are not only ready, but anxious to produce. Everywhere they are reported out of employment in vast numbers.

Those who are not working need to work; industries which are idle need to be put into operation; railroads, which all over the world are in worse physical condition than ever before, desperately need to have many billions spent in their rehabilitation.

Thus there is need for employment of the unemployed, and for resumption of operations by idle establishments.

Somewhere between the would-be employer and the unemployed worker seeking work, there has been a collapse of the instrumentalities of credit, finance and confidence, which is making it difficult to resume normal operations.

The world has gone through so many periods of the same sort that it is hardly necessary to explain. The present depression is sure in due time to be succeeded by an epoch of great activity and abounding prosperity. Our problem is to hasten the return to normal conditions; and to that end no element in the community can contribute more than the bankers.

THE RAILROAD SITUATION

With regard to the transportation situation the August letter of the First Wisconsin National Bank says:

That the railroad deficits of last year are turning into profits is good omen. The net earnings for 196 class 1 roads for June aggregated over \$50,000,000 and earnings for July bid fair to exceed this sum. The heavy grain and coal traffic at this season of the year and the rigid economy being practiced by the railroads are producing these results.

Our transportation system must pay its own way. The people who ship goods must pay the freight. If the Government makes up the deficits, it simply means that the taxpayers pay the freight. We do not get anywhere with our transportation problem when wages are demanded that the earnings of the railroads do not justify or when rates are made, however beneficial to shippers, that will not pay legitimate transportation costs. Had a more liberal railroad rate policy been followed in the past, it might now be possible to lower rates. And if railroad finance had been other than it was twenty years ago, the roads might have been better off now. But these things have gone into history. What we have to do is to face the facts as they are. The railroads have not been self-supporting. They are in great need of money for maintenance and equipment. And they are building up earnings at the expense of maintenance only because if they are to command capital, they must fortify their credit.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia



An Announcement

THE Mercantile Trust Company announces the opening of its uptown New York banking rooms at 45th Street and Madison Avenue.

The uptown establishment is completely equipped for rendering customers every banking facility.

Located close to the Grand

Central Terminal and to many of the city's important hotels and clubs, Mercantile's uptown banking service is especially convenient for out-of-town visitors.

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UPTOWN OFFICE: 45th Street at Madison Avenue
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THE Ticonic National Bank at Waterville, Maine, is a successful, well-managed institution and its new banking house recently completed, is in keeping with the high standing of the bank. Built of cherry red brick, with granite base and limestone trimmings, it is a credit to the bank and an ornament to Maine's thriving and prosperous city. It was planned by

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EASTERN STATES

NEW VICE-PRESIDENT OF EQUITABLE TRUST COMPANY

At the regular meeting of the board of trustees of the Equitable Trust Company of New York, July 27, 1921, Lucian A. Eddy, Jr., was appointed a vice-president of the company. Mr. Eddy is a son of L. A. Eddy, former president of the Merchants National Bank of Syracuse, N. Y. The new vice-president of the Equitable is a banker of wide experience, having been affiliated with banking houses in the Wall street district for fourteen years, specializing in



LUCIAN A. EDDY, Jr.

Recently appointed a vice-president of the Equitable Trust Company of New York

commercial paper. He was also with the Bradstreet organization for seven years.

Mr. Eddy has resigned from the firm of Elkins, Morris & Company of Philadelphia, where he made an excellent record as manager of that company's commercial paper and bank acceptance department. A. Seton Post will continue as manager of the Madison avenue office of the Equitable. This office has become an important factor in the uptown Wall street of New York. The office was originally located at 618 Fifth avenue, but the rapid growth of its business necessitated the move into its own building.

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 P. E. ILLMAN, Vice-Pres.
 C. G. FEIL, Cashier
 A. J. ALLARD, Asst. Cashier
 G. H. BANGERT, Asst. Cashier
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Trust Department

CHAS. W. CARY, Trust Officer

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This office is a complete banking institution in itself. It includes every department of general banking, trust, foreign exchange and investment service.

The officers of this uptown organization are: Lucian A. Eddy, Jr., vice-president; A. Seton Post, manager; Roland P. Jackson, assistant secretary; Charles A. Fisher, assistant manager; E. G. Pratchett, assistant manager foreign department.

CONTINENTAL BANK MOVES

After having had its executive offices at 23 Broad street for twenty-seven years, the Continental Bank of New York has removed to the Broad Exchange building, 25 Broad street.

CHEMICAL NATIONAL OPENS IN NEWLY ARRANGED HOME

The Chemical National Bank of New York opened on August 22 in its newly arranged home at 270 Broadway. The thirteen-story building adjoining the present site of the bank, purchased last February, has been made over to give additional space for some of the officers and departments of the institution.

This enlargement gives the bank an uninterrupted frontage of fifty-one feet on Broadway and of 250 feet on Chambers street. The new addition was made necessary through the bank's merger a year ago with the Citizens National Bank, which augmented the staff of the Chemical National and cramped its original banking quarters.

INDUSTRIAL BANK LEASES NEW QUARTERS

The Industrial Bank of New York has leased the first floor of the Fourth avenue building, corner of Fourth avenue and Twenty-seventh street. The new quarters will be occupied as soon as the bank can obtain possession and make necessary alterations.

The present tenants will vacate the premises February 1 and remodeling will begin immediately afterwards. The bank expects to move on or about April 1.

The Industrial Bank opened for business December 22, 1919 in their present modest quarters, Fourth avenue and Twenty-fourth street. From a small beginning the bank has made steady gains until now the deposits total more than \$7,000,000. Larger quarters have been needed for some time



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The Marine Trust Company of Buffalo

Capital and Surplus \$17,000,000

and negotiations for occupancy of the Fourth avenue building have just been completed successfully.

The bank plans to add an up-to-date safety deposit department to its present services when the change in location is made.

The directors are: Frank N. B. Close, vice-president Bankers Trust Company; Williams Cochran, Luke, Banks & Weeks; Philip De Ronde, president Oriental Navigation Company; J. Fletcher Farrell, vice-president and treasurer, Sinclair Consolidated Oil Corporation; Donald G. Geddes, Clark, Dodge & Company; Thomas Hildt, president Merchants National Bank, Baltimore, Md.; Arthur Iselin, William Iselin & Company; Percy H. Johnston, president Chemical National Bank, New York; Frederic A. Juilliard, A. D. Juilliard and Company; Darwin P. Kingsley, president New York Life Insurance Company; Staughton B. Lynd, president; Charles M. Macfarlane, vice-president and treasurer, Morris and Company, Chicago, Ill.; Paul Moore, Taylor, Bates and Company; George Nichols, Minot, Hooper and Company; Richard E. Reeves, president Hunter Manufacturing & Commission Company; Samuel W. Reyburn, president Lord and Taylor; Frank Morse Smith, H. J. Baker and Brother; Paul Sturtevant, Harris, Forbes and Company; Everett B. Sweezy, vice-president First National Bank of New York; Melvin A. Traylor, president First Trust & Savings



Second and Chestnut Streets, Philadelphia, in 1858, the year that the Corn Exchange National Bank was founded. This interesting print is reproduced from *The Corn Exchange*.



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JOHN W. PLATTEN

President of the United States Mortgage and Trust Company of New York, ex-president of the Trust Company section of the American Bankers Association, and an active member of the executive committee of that division.

Bank, Chicago, Ill.; Stephen H. Tyng, president Stephen H. Tyng, Jr. and Company, Inc.; Royall Victor, Sullivan and Cromwell; John J. Watson, Jr., vice-president International Agricultural Corporation; Ridley Watts, Ridley Watts and Company; C. Morton Whitman, vice-president Clarence Whitman and Son, Inc.; Malcolm D. Whitman, vice-president Wm. Whitman Company, Inc.; George Whitney, J. P. Morgan & Co.; Thomas B. Yuille, president Universal Leaf Tobacco Company.

The officers are: Staughton B. Lynd, president; Ralph A. Stephenson, vice-president; Richard H. Gatling, vice-president; Junius B. Close, cashier; David V. Austin, assistant cashier.

REPORT OF BANCO NACIONAL ULTRAMARINO

The annual report for 1920 of the governor and vice-governors of the Banco Nacional Ultramarino (National Overseas Bank), of Lisbon, Portugal, was presented to the institution's shareholders at the fifty-seventh ordinary general meeting on May 28. The report shows gross profits for 1920 of Esc. 31,117,592,809.4. After adding



Proposed New Branch of the United States Mortgage and Trust Company

The growing popularity of Madison Avenue as a center for financial institutions is further emphasized by the announcement of the United States Mortgage and Trust Company of New York, of plans for a bank building at the northwest corner of Madison avenue and Seventy-fourth street. The structure will house the Company's Madison avenue branch, now located at Seventy-fifth street.

The building will be the style of the late English renaissance, the exterior of limestone, with Knoxville marble entrance and base. The site for the building is 100x50 feet. Henry O. Chapman has prepared the plans and contracts have been awarded for its construction.

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Esc. 266,041\$59.5, the balance brought forward from the previous year, and subtracting general expenses, bonuses, provision for losses, bad and doubtful debts, taxes and interest on obligations, a net profit was made of Esc. 6,370,709\$03.5. This was applied as follows:

To permanent reserve fund....	Esc. 700,000\$00
To extra reserve fund.....	400,000\$00
To dividend on working shares granted to staff	55,049\$40
To staff pension fund.....	61,046\$67.5
To dividend of twenty per cent. to shareholders, which includes twelve per cent distributed, free of guese income taxation and transfer and stamp duties	4,800,000\$00
Balance carried forward to 1921	354,612\$96

The Banco Nacional Ultramarino is the state bank of the Portuguese colonies with offices throughout Portugal and in the Azores, Madeira, West Africa, East Africa, Belgian Congo, India, China, Brazil, etc. The New York agency of the bank is at 93 Liberty street, and J. McCurrach is agent.

A. C. LIVINGSTON

Due to the growth of the trust department, under the supervision of A. C. Living-

ston, vice-president and trust officer, the board of directors of the National Newark and Essex Banking Company, of Newark, New Jersey, has elected William E. Hocker, assistant trust officer. Mr. Hocker has been connected with the bank in various departments since 1917 and has served in the trust department practically ever since it was established a little over two years ago. Mr. Hocker is a resident of Newark, and his election as Mr. Livingston's principal assistant is merely another step in carrying out the policy of the institution to provide all its departments with machinery in keeping with the steady progress of the community in which it is located.

It will be recalled that Mr. Livingston became vice-president and trust officer when the trust department was first established, resigning as an officer of the Bankers Trust Company of New York.

HONORS CONFERRED ON BANCA COMMERCIALE AGENTS

Dr. Guido Pedrazzini, formerly officer of the Order of the Crown of Italy, was recently made commander of the same order. Dr. Pedrazzini who is senior agent of the Banca Commerciale Italiana has had this

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further honor conferred upon him in recognition of his work during the war and post-war periods.

His Majesty the King of Italy has recently conferred upon Messrs. Siro Fusi and John Stewart Durland, New York agents of the Banca Commerciale Italiana, the order of Chevalier of the Crown.

CAPITOL NATIONAL BANK WILL BE LOCATED IN TEXTILE DISTRICT

A new national bank, to be located in the textile district of New York, is in course of organization by twelve business men, and is expected to open for deposits during the early fall. It will be known as the Capitol National Bank of New York, and will have an initial capitalization of \$2,000,000 and a surplus of \$500,000. The bank stock is being offered for subscription at \$125 per share. Formal application has been made to the controller of the currency to organize the bank.

Organizers of the new institution, which automatically will become a member of the Federal Reserve system, say that it will fill a peculiar need in the district in which it will be located, and that a bank of the character and size of the Capitol National has long been needed in the locality in which it will open for business.

Max Radd, formerly vice-president of the Irving Trust Company, will be one of the officials of the new institution, probably the active head. The board of directors will be composed of Joseph Durst, E. Eisman of E. Eisman and Sons, John Farson, Farson, Sons & Company, W. T. Grant, W. T. Grant & Company, Alexander Herbert, Philip Morris & Company, D. A. Lerner, Lerner Blouse Company, F. A. Powdrell, Powdrell & Alexander, Boston; Leon Schianasi, Schianasi Tobacco Company, George L. Storm, American Safety Razor Company, Henry J. Topping, Marshall, McClennon & Company, and Arthur Worth, Worth, Inc.

ALBERT E. MARSH

Metzler & Company, Inc., announce the affiliation of Albert E. Marsh as manager of their bank acceptance department. In

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addition to managing this department, Mr. Marsh will assist in the placing of note and bond issues.

Mr. Marsh was formerly associated with Bond and Goodwin, New York, specializing in negotiating bank acceptance credits for financing foreign and domestic trade. Financing through the medium of the bank acceptance credit has enabled American manufacturers to enlarge their business without increasing credit lines with their own banks.

NEW UPTOWN OFFICE

The Mercantile Trust Company of New York has opened an uptown office at Forty-fifth street and Madison avenue, in the Borden Building.

INCREASE IN SAVINGS DEPOSITS

Despite the so-called financial depression small savers of Greater New York during the first six months of 1921 increased their deposits in savings banks \$109,809,297.73, or five and nine-tenths per cent., according to preliminary figures made public by the Savings Banks Association of the State of New York. This increase includes dividends credited.

On July 1, 1921 the actual amount due depositors in the savings banks of the Greater City, including dividends credited, was \$1,942,613,299.82 an increase of \$109,809,297.73.

It is interesting to note that the ratio of increase in savings deposits in Greater New York between January 1, and July 1, 1921 is exactly the same as the ratio of increase from July 1 to December 31, 1920, namely five and nine-tenths per cent. The actual volume of increase during the last six months of 1920 was \$103,073,962.34.

GUARANTY TRUST APPOINTMENTS

The executive committee of the board of directors of the Guaranty Trust Company of New York have appointed Henry W. Carlisle, manager and Samuel Culviner, Jr., assistant manager of the publicity department of the company.

ALEXANDER H. WALSH

Alexander H. Walsh, formerly with Chatham and Phenix National Bank, has been elected vice-president and manager of the Progress National Bank of New York.

NEW WOMEN'S DEPARTMENT

The Fidelity Trust Company of Buffalo, N. Y., announces the appointment of Miss



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Mabel F. Thompson as manager of the women's department. The headquarters of this department are located at the Delaware avenue branch, Delaware avenue at Chipewa street. This department has been established with a view to assist the women of Buffalo in their banking and financial problems.

C. MORTON WHITMAN

C. Morton Whitman, vice-president of Clarence Whitman and Son, has been elected a director of the Industrial Bank of New York.

CHANGE OF OFFICERS IN JOHNSTOWN BANK

Henry Y. Haws, president of the First National Bank of Johnstown, Pa., since 1900, has been in impaired health for several months, and has resigned as president of the institution.

David Barry has been elected president to succeed Mr. Haws.

P. F. McAneny has been elected cashier to succeed Mr. Barry. James C. Griffith and James B. Jones have both been appointed assistant cashiers, in addition to Charles E. McGahan.

The officers of the First National Bank of Johnstown are now as follows:

David Barry, president; Harry Swank, J. M. Murdock, vice-presidents; P. F. McAneny, cashier; Chas. E. McGahan, James C. Griffith, James B. Jones, assistant cashiers.

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ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

MERELY from one week to another it is difficult to find any marked change in the general business situation, but when conditions are compared over a period of several weeks or months we find that we have really made, and are making remarkable progress toward better times. Many still persist in using the "boom" period of war times as a basis on which to determine the condition of business. In other words, many concerns that were tremendously rushed during the war with orders of a distinct war nature and who were making huge profits from the work, compare those times with the present moderate volume of business and cry loudly that business is "rotten" now.

If they would compare the present volume of business with ordinary, pre-war times—which would be a fairer basis of comparison—many of these same concerns would find that business now is far from "rotten". With this new perspective they would find also that business has been making a remarkable recovery from the shock of war and the equally great shock of peace.

The money strain is over, labor conditions

have improved, the arrogance has been shaken out of employers who formerly treated labor unfairly, and out of the class of labor that adopted the same tactics when the pendulum of power swung in their direction. The cost of living has come down and the control of prices is pretty definitely placed again on the basic law of supply and demand; the railroad problem has at least stopped growing worse and hope is dawning of an eventual recovery; Bolshevism that threatened all of Europe has been checked and has miserably failed as a governing agency; international trade is getting back to a sound basis; those that are working are working a little harder and much more efficiently, while those who are out of work are seeking jobs that they are adapted to rather than merely demanding money which they are incapable of earning. With a greater supply of labor to draw from, the great agricultural industry which is so vital to the welfare of the world, is getting back into full swing; real estate values are becoming normal and even the housing problem promises to be relieved within the next two years at the most.

Business men are beginning to look ahead, plan ahead and even "buy into" the future instead of operating on the old hand-to-

mouth plan. The country is less impatient, less desirous of a "boom", and more content to work out its problems slowly but surely and thoroughly; there is more business in government and less government in business; taxes are either going down or at least standing still instead of steadily rising; there is cooperation instead of friction between the government and business.

All this long list of improvements has come into being as a gradual process. From one week to the next it is difficult to discern any great change, but the above is what we see if we take the "long distance" view, adopt proper and fair basis of comparison and are not too impatient. Certainly there is nothing in it to warrant pessimism, and New England, as a producer of necessities for the whole world, has a certain business future that is not surpassed by any other section of the country.



METROPOLITAN TRUST COMPANY

At the regular meeting of the board of directors of the Metropolitan Trust Company, of Boston, the following new directors were elected: Professor Charles B. Breed, consulting engineer, Boston; Reginald C. Heath, treasurer Bigelow, Kennard and Company, Inc.; Edward S. Foster, treasurer Carr Fastener Company; George T. Cobb, Sands and Leckie, hide brokers, Boston; Hugh J. Robertson, Jr., American Agricultural Chemical Company.

CAMBRIDGE BANKS CONSOLIDATE

The Charles River Trust Company of Cambridge, Mass., has been consolidated with the Harvard Trust Company of that place under the title and management of the latter institution. The banking rooms at Central Square and Harvard Square are now maintained and are available for the depositors of both institutions. Walter F. Earle is president of the enlarged Harvard Trust Company. The merger became effective July 28.

Park Trust Company

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F. A. Drury, President.

T. J. Barrett, Vice-President.

H. M. Abbott, Treasurer.

Frederick J. Bye, Assistant Treasurer.

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INTERNATIONAL TRUST CONSOLIDATION MAKES BANK THIRD LARGEST IN BOSTON

The International Trust Company of Boston has purchased the Hyde Park Trust Company, also of Boston.

The Hyde Park Trust Company has \$200,000 capital, with surplus and undivided profits of \$87,000. The stock carries eight per cent. dividends. The bank's deposits are in excess of \$3,000,000.

The Hyde Park Trust Company's directors voted to sell the trust company's business and good will to the International at a price which yields shareholders \$155 a share.

The Hyde Park Trust Company is held by banking men to be in first-class financial condition. With the addition of its deposits the International will have gross deposits of more than \$30,000,000. These will make the International the third largest trust company in Boston.

Absorption of the Hyde Park institution by the International resulted both from the International's desire to expand and also to the close relation between the banks. Presi-

dent F. L. Childs of the Hyde Park Trust Company is one of the International directors.

The International will now have five branches. They are: Summer street, Upham's Corner (Dorchester), Field's Corner (Dorchester), and the Hyde Park and Roslindale branches. The last named is a branch of the Hyde Park Trust Company, and will be enlarged immediately.

The officers and directors of the International Trust Company are: Charles G. Bancroft, president; Henry L. Jewett, vice-president and secretary; Thomas W. Murray, B. Farnham Smith, A. Francis Hayden, vice-presidents; Clifford B. Whitney, treasurer; A. Edward Garland, Howard Norton, assistant secretaries; George W. Shepherd, assistant treasurer; Thomas F. Megan, assistant secretary; Lawrence S. Bearer, Chas. D. M. Bishop, Jos. J. Carson, assistant treasurers. Directors: Cecil Q. Adams, Samuel G. Adams, James A. Bailey, Charles G. Bancroft, Elmer J. Bliss, Edwin P. Brown, Morgan Butler, Fred L. Childs, Henry V. Cunningham, Wendell Endicott, Oliver M. Fisher, Walter B. Henderson, Henry F. Hurlburt, Jr., Henry L. Jewett, Roland O. Lamb, Wm. J. McGaffee, William A. Muller, Patrick A. O'Connell, James J. Phelan, Neil W. Rice, Garrett Schenck, Aaron L. Strauss, Edmund H. Talbot, Loren D. Towle, Herbert F. Winslow.

FIRST NATIONAL BANK OF BOSTON

At a meeting of the directors of the First National Bank of Boston, the following promotions were authorized:

Charles F. Mills and William O. LeFavre to become vice-presidents; John H. Casey, Charles C. McCauley and Wallace G. Rood to become assistant cashiers; and Wilbur F. Lawson to become auditor.

William F. Benkiser, vice-president of the bank, in charge of its foreign department, will sail for Buenos Aires in November to take up the supervision of the bank's South American interests as resident vice-president. Mr. Benkiser will make his headquarters at Buenos Aires, where a branch of the bank is located.

NATIONAL UNION LEAVE QUARTERS USED FOR 129 YEARS

The National Union Bank, of Boston, the oldest financial institution in Massachusetts,

has moved from 40 State street, where it has been a landmark for 129 years, to its new home in the modern building which bears its name at 209 Washington street, opposite the old State House.

The new quarters will provide adequate facilities for handling the bank's business, which had grown too large to be accommodated in the State street building, as well as numerous conveniences for both patrons and employees.

The bank will occupy the first floor and basement of the new building. The entire first floor, which has large windows on all four sides will be used as the main banking room. Doors located on three sides of the spacious marble-lined vestibule give access to the different departments. The walls of the bank, the counter fronts and the public stairs to the basement are wainscotted with imported Rosato marble and the floors are of pattern marble.

The screen for counters and officers' conference room is of solid bronze and the panels between the pilasters are filled with bullet-proof glass an inch thick. The book-keeping department will occupy the mezzanine floor, and in the basement will be some of the banking departments, the directors' room, vaults, rest rooms and locker rooms.

The main vault is enclosed with heavy concrete walls reenforced with steel rails and bars, and an observation pit beneath the vault enables watchmen to view all sides of it. The vault is steel-lined and is of the most secure and modern type.

An automatic heating and ventilating plant in the basement insures a constant change of air in all parts of the bank, under constant control as weather conditions make necessary. The entire basement and spaces below and above the mezzanine floor are lighted by indirect electric fixtures, and public spaces with semi-indirect fixtures.

The directors' room is wainscotted full height with mahogany panels and pilasters, and is furnished with the refinished round table and chairs used by the bank officers for ninety-one years.

The history of the National Union Bank began in the latter part of 1791 or the early part of 1792, when several men who believed that there was need of another bank in Boston met at Concert Hall to establish such an institution. At that time there were only two banks in Boston, the Massachusetts Bank and the Branch Bank, the latter

being a branch of the United States Bank of Philadelphia.

The Union Bank, as the new institution was called, obtained a state charter. The act of incorporation was signed by Governor John Hancock June 27, 1792, and the bank began business with Moses Gill, lieutenant-governor, as president. By its charter the capital stock was fixed at not less than \$400,000 nor more than \$800,000, to one-third of which the state reserved the right to subscribe. The bank was forbidden to issue notes for less than \$5 or to an amount exceeding twice its capital stock, the directors being held liable for any excess. The bank was required to set aside one-fifth of its funds for loans to citizens of the state not residing in Boston "for the benefit of agricultural interest."

The bank obtained rooms in the residence of Perez Morton, a director of the institution and later speaker of the House and attorney-general of the commonwealth, at State street and Exchange lane. This proved an ideal location, as it was in the center of the business district, near the old State House and across the street from Israel Hatch's coffee house, from which the New York stage started.

In 1799 the bank purchased the building, altering it to suit its needs and renting such parts as it did not use. A new structure was erected on the same site in 1826, and in 1850 this property was sold, the bank remaining as a tenant. Increased business has necessitated a frequent enlargement of its quarters.

The bank's stock was subscribed for by many of the most prominent persons in the state, whose family names still appear on the list of stockholders. At the end of the first six months the bank declared its first dividend of four per cent. From that time to the present, besides earning a surplus of \$907,932.74, dividends have been declared semi-annually, averaging during this period more than six per cent. annually. In view of the wars and financial panics that have occurred during its existence, this record is remarkable, and one not equalled, it is believed, by any other institution in the country.

In 1863 the bank became "The National Union Bank of Boston," under which name it has continued its success. The present officers of the institution are: President, Henry S. Grew; vice-presidents, William S. B. Stevens and Lorne M. Graves; cashier, John W. Marno; assistant cashiers, Hubbard B. Mansfield, Ross C. Skinner and George W. Simpson.

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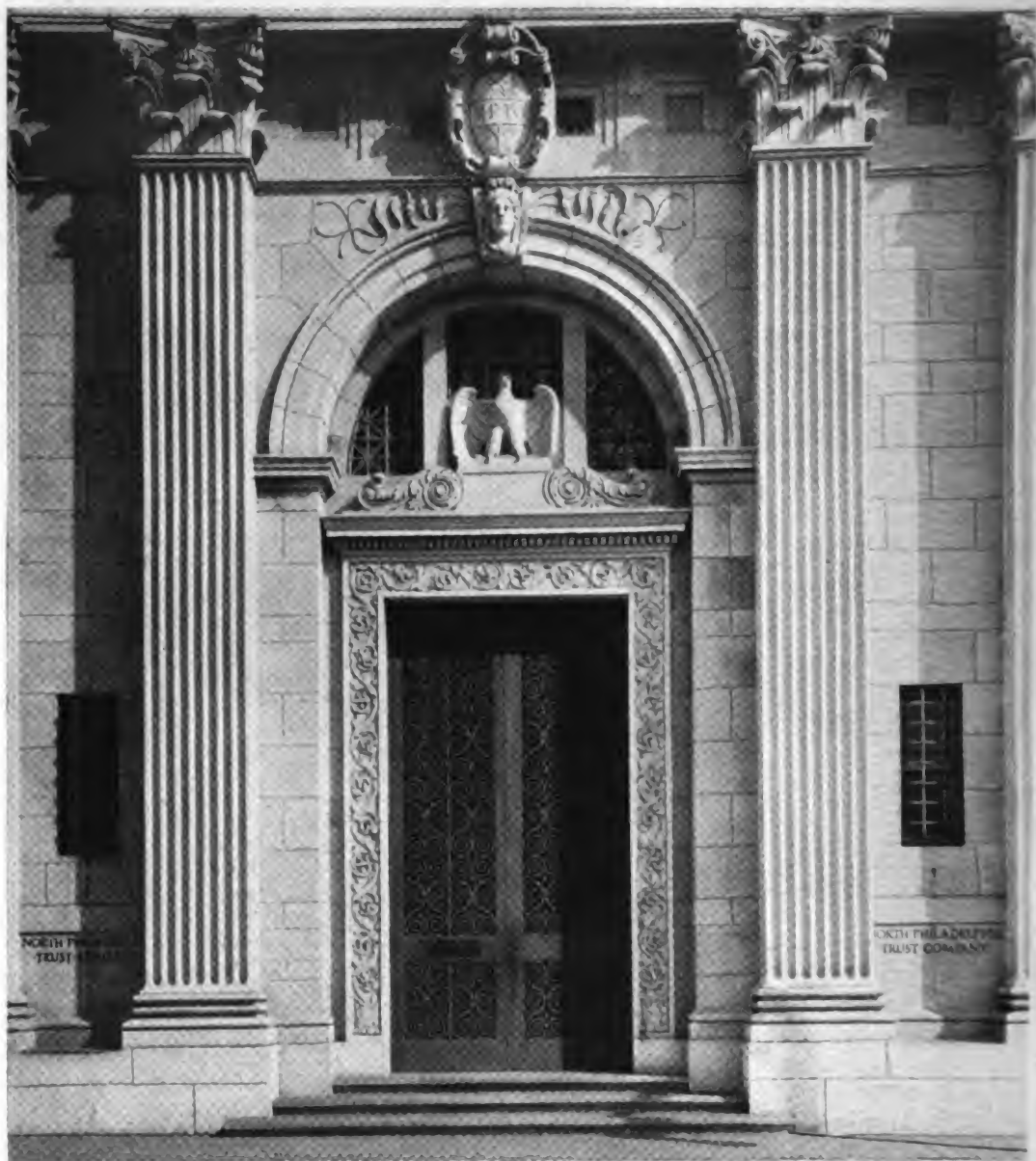
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Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

A YEAR has passed since business reached its frenzied peak of buying, and slipped into the crevasse of deflation. It has been a trying period. But with waste eliminated, a better efficiency among labor and executives, a sounder frame of mind on the part of the people, the economically produced crops, almost ready for the harvest and indication that they will fetch a better price than was thought in the gloomy spring, the South seems to be out of the hole. The situation is essentially sound.

Trade generally shows a decrease in money values, but when price recessions are taken into consideration, the decrease in the physical volume of the goods is small. According to the review of the Sixth Federal Reserve Bank for June, the sales of twenty-two reporting stores in representative sections were only seventeen per cent below the business for the same month in 1920. Price reductions range from twenty-five to fifty per cent. below. Stocks on goods were 17.4 per cent. less than in June, 1920, and 2.8 per cent. less than at the end of May, 1921. While the statement is not backed with official figures, it may be said that business has improved since June.

In New Orleans, to take the principal market of the South, and a city that draws its sustenance from foreign trade and domestic agriculture, the business for July as shown by the books of the department stores, shows a sharp upward swing. The sales show that the working man has more money than is commonly believed. There has been a noticeable increase in the cash business. The stores show a smaller profit, both total and on a percentage basis; the reason is found in the losses which they took during the process of liquidation.

No noteworthy change has taken place in the financial situation of the South since last month. Most of the banks report the demand for funds steady. In Chattanooga, there is an increased demand from merchants who are replenishing low stocks, and

manufacturers who have found it necessary to carry their customers.

Loans are showing a general tendency to increase—but they are considerably below last year's. There has been some drop in deposits, though it is by no means a general one. This is partly explained by the decreased loans, as compared with last year, which were credited as deposits.

As a general rule, agricultural, commercial and industrial loans of the South are being renewed at maturity.

An important development of the month was the agreement whereby loans totaling \$5,000,000 to finance the export or holding of cotton, will be made to the South's Edge Bank, the Federal International Banking



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Company of New Orleans. This will bring the total business of the bank, since its opening six months ago when the clouds were blackest, to \$10,000,000 and over. The money is being used to finance the cotton throughout the South generally.

The domestic demand for cotton is now heavier than at any time since the war, according to C. H. Huston, assistant secretary of the United States Department of Commerce, who has made a trip through the South. He found the textile industry leading in reports of trade improvements, and prophesied an early relief to the cotton farmers.

The price of cotton has ruled somewhat stronger. The cotton planting of the South has been clipped some 10,000,000 acres this year, according to the department of agriculture. This is a twenty-eight per cent. reduction, and the decreased production is bound to be reflected in better prices. Reduction of acreage has worked so well that a special meeting of the Louisiana and Mississippi divisions of the American Cotton Association has been called for the Interstate Farm Congress to be held in New Orleans September 11-18, to develop a permanent cotton planting control.

This congress, by the way, is the first of

its kind to be held in the South. It is an effort to create a better relationship between the city markets and the country producers of Louisiana, Arkansas, Mississippi, Alabama and part of Texas.

The action of the Mississippi and Alabama divisions of the Cotton Association will be watched by the other sections of the cotton-producing South, and similar action will no doubt be taken.

The rice production of the South is about a third below last year's. The inability of farmers to finance planting and the low prices prevailing are of course responsible. This has been a blessing, first because it threw many acres of land not suitable for rice culture out of production, and second because it has made the farmers take off their coats and work.

A vast acreage was put in rice last year that had no business being devoted to that crop. And a great number of men who didn't know anything about rice growing became rice planters overnight. At the prevailing prices, a blind man could have made money planting rice on a grindstone.

But now it is a survival of the fittest—and that is a healthy condition.

Agricultural produce increased 4.5 per cent. in value from May to June of this

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WILLIAM B. WEBB, Asst. Cash.

year. In the past ten years, the price has averaged a 2.3 per cent. increase during this month. Farm products are bringing about sixty per cent. less than last year, but it is a healthy sign that their value is increasing. In view of the increased purchasing power of the dollar, the farmers' loss is more apparent than real.

The new crop rice has begun to move, and is bringing from one cent to a cent and a half above the prices paid for the same grades of the old crop. The European market has been a great buyer of southern rice, and this, together with the increasing domestic demand, due to a national advertising campaign, has brought the price up.

The sugar cane production will exceed last year's, according to the present outlook. The price of sugar has shown a slow but steady increase.

There has been a great increase throughout the South in the acreage devoted to corn, wheat, oats, fruits and truck. Georgia's peach and melon crop has brought the producers about \$10,000,000 this year. It is estimated by an official of the Southern Railway the shipments have been about double. Mississippi is pushing its butter industry and truck-marketing associations are springing up in many parts of the

state. The same story comes from other parts of the South.

Building has resumed, though still the volume is considerably below par. Building has been hesitating for months because of the high costs of material and labor, but the general sentiment is that these have receded as far as can be expected for some time to come.

The Alabama coal market has shown some improvement, and a number of mines that have been inactive for a long time are expected to open shortly. Alabama is shipping a tremendous volume of its coal output by the Warrior River division of the Mississippi-Warrior barge service of the government. Mobile during the past year received 19,172 tons, and New Orleans 101,267 tons, by barge. It is expected that the takings will be increased, by the opening of the new coal tipples at Mobile and New Orleans.

The Mississippi division of the Government's barge line in July was treble what it was for July, 1920. This line serves the greater part of the Mississippi valley, which it is doing so much to develop, by putting its production at shipside cheaper than the railroads can do, and enabling it to enter the competition of the world's markets with-

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All the signs indicate that the South, as Roger W. Babson said, will be the first section of the country to get on its feet.



JOHN B. RAMSAY, BALTIMORE BANKER

John B. Ramsay, one of the leading financiers of Baltimore, died on September



JOHN B. RAMSAY

Former Chairman of the Board of Merchants National Bank whose death occurred recently in Baltimore

7, after a lingering illness. From his sick bed in August last Mr. Ramsay sent his resignation as chairman of the board of directors of the Merchants National Bank, the largest financial institution in Baltimore.

Mr. Ramsay entered the banking business as a young man in Port Deposit, Md., where he was born. He finally became president of the Mechanics National in Baltimore and when that bank merged with the Merchants National he became chairman of the board of directors. He was connected with a number of other financial institutions in Baltimore.

CITIZENS TRUST COMPANY ORGANIZED

The Citizens Trust Company, a new institution in Atlanta, Ga., situated in the heart of the negro business district of the city, was formally opened for business on August 16. The capital stock of the new bank is said to be \$250,000. The institution, it is understood, will do a general banking business. The bank is located in spacious quarters at 176 Auburn avenue. H. C. Dugas is president.

NEW PRESIDENT OF PEOPLES BANK OF GEORGETOWN

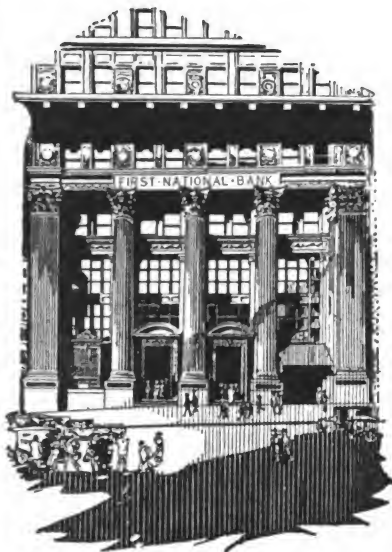
Hugh W. Fraser was recently elected president of the Peoples Bank of Georgetown, S. C., succeeding J. B. Steele, whose recent death after seventeen years of service as president occurred.

Mr. Fraser has been associated in the banking field since 1904, when, after graduating from The Citadel at Charleston, and working at the profession of civil engineer for thirteen years, he was made cashier of the Peoples Bank of Georgetown, S. C., upon its organization.

Until 1919, Mr. Fraser held the position of cashier, when he was advanced to vice-

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Richmond, Virginia



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S. P. RYLAND Vice-President
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THOS. W. PURCELL, V. Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

president and cashier, which post he held at the time of his recent appointment.

FIVE BANKS ENJOY JOINT PICNIC OUTING

At the season of the year when outdoor parties are so popular none could have been a greater success than the outing enjoyed by the members of the force of the Woodside National Bank, the Farmers and Merchants Bank, Farmers Loan and Trust Company, the Citizens Bank of Taylors and Bank of Woodville. On an afternoon in August a party motored down to Woodville where a large cool swimming pool has recently been constructed for the pleasure of the community. After an hour's swimming, and splashing by those not daring enough to be called swimmers, everyone had a sharp appetite. They were invited to gather in the grove at George Woodside's lovely home; there a delicious supper of fried chicken and all the good things that go with it, was spread. As the twilight shadows fell and the picnickers were experiencing the perfect contentment that follows a real old-fashioned Southern sup-

per, several of the men disappeared but presently came up bearing a number of cold "rattlesnake" watermelons. These proved too tempting to be neglected, and from the number of melons cut and eaten that evening one judged that Woodville did not have another watermelon to send to the curb market. With electric lights strung over the trees and out to the barn the party wandered about admiring the up-to-date country home. Dancing was enjoyed by those not already satiated with the pleasures of the preceding hours. At a late hour the party motored back to Greenville, and it was stated that henceforth when the question arises as to which is better the country or the city they would vote solidly for the country.

The personnel of these five institutions is closely allied in friendship, each having as its chief officer the same genial and progressive president, Robt. I. Woodside. To him and his gracious wife were extended the thanks of the party for the pleasant outing. The management of the banks announced that it would be the policy of the institutions to arrange a similar annual outing for the entire personnel or the banks.



Main Banking Room
City National Bank of Galveston, Texas

This interesting development of a monumental banking interior has brought to us the friendly comments of many bankers and architects. The general arrangement of the room utilizes the available space to advantage and the liberal use of marble, mosaics and gold plated bronze adds a note of unusual richness and charm.

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ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

BUSINESS and banking sentiment in central West is much better than in most other sections of the country. The financial machinery of the great grain-producing region is pumping new money into commercial channels in larger volume than was ever known before at this time of year. This is facilitating liquidation and inspiring more confidence in the future. Receipts of grain at primary markets in the last week of July and the first week of August aggregated in round numbers 76,000,000 bu. more than double the figures for the corresponding time last year. This enormous movement of farm produce to market goes far to explain the sharp difference in public feeling here as compared with that in sections where the slowness of industrial revival has had a depressing effect. This contrast has puzzled many travelers between the East and the West.

Progress toward liquidation in the agricultural regions is more noticeable than it has been for many months, but has not yet reached a stage where easy conditions can be said to be within measurable distance. Rediscounts at the Federal Reserve Bank are down to \$240,000,000, as against \$370,000,000 at the peak last year, and the reserve ratio has crossed sixty-five on its way upward, a figure which has not been recorded before since the war ended. While borrowing of member banks has been reduced materially loans are still high and many slow accounts are still being carried. The high ratio figures are due more to increase of gold than to reduction of liabilities.

The directors of the seventh district reserve bank have reluctantly reduced the bank's rediscount rate to six per cent., the second cut since the movement toward lower levels for all the reserve banks was begun in the northeast early this year. The reduction has not made any difference in the open market rates for money, but on the other hand there is cause for satisfaction in the fact that it seemingly has not inspired any expansion of borrowing, as some

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feared would be the case. Soon after the eastern and southern reserve banks reduced their rates to five and one-half per cent. the directors of the Chicago bank held their regular monthly meeting, and the matter of following this lead was given full discussion, but no action was taken. Pressure was exerted from Washington and a special meeting was held, at which the reduction to six per cent. was made. Some of the most prominent directors feel that the policy of allowing the reserve bank rate to lead instead of follow the open market rate downward is unwise, and that it will retard rather than hasten the liquidation without which they think a return to permanent conditions of soundness will be difficult, but



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they decided it was best at this time to allow the wishes of the Treasury department to prevail rather than be placed in the position of seemingly obstructing a movement which, in the mind of the public, was in the direction of relaxing a strain on business.

Commercial paper is on a basis of six and one-quarter to six and three-quarters per cent., with some of the highest class names going at six and the bulk of the business at six and one-half. A few Chicago banks in the last few weeks have bought some paper for the first time in three years, and the same is true of some banks in the interior. The demand from the country is only moderate, however, and the improvement in their condition so far is more noticeable in a reduction of obligations than in evidence of surplus cash. Bank loans are unchanged at six and three-quarters to seven per cent.

The slowness of building operations and the low state of railroad buying are the principal obstacles to general revival. The former is felt not only in the matter of employment, but in materials, furnishings and all lines of business that go into new building. Arbitration of wages and trade terms in Chicago has dragged along so as to block nearly all large construction projects, while in the interior conditions are little better because of high prices and uncertainty as to the future. There is nevertheless a considerable volume of small building going ahead in this city, although nothing like what would take place if all obstructions were removed. There were issued here in July 794 building permits, against 675 in June and 253 in July of last year, with total valuation of \$44,000,000, or nearly double the previous month and more than double a year ago. The total includes 534 residences and apartment houses, against 553 the previous month and 160 a year ago. Five thousand permits for residences and apartments have been issued this year. Much of this work is still held up pending the conclusion of the arbitration negotiations; but enough is under way to make a fair showing.

The steel mills of the district are operating at about thirty per cent. of capacity. Competition is keener than it has been at any other time for six years; prices are steadily working lower and as they decline more and more inquiries from buyers are coming out. The activity is principally in bars, shapes, plates and other light materials, the demand for heavy products showing little improvement. The railroads are buying sparingly of track and car re-

pair materials, but in this department betterment is noticeable, many of the carriers evidently making plans to anticipate an easing of their financial condition through the expected distribution among them of some hundreds of millions of dollars due from the Federal Government. Automobile makers are taking some supplies, but the demand from implement and miscellaneous manufacturers is slow.

Wholesalers report that the demand for goods for fall trade is broadening steadily. The textile markets, especially that for staple cottons, are more steady; and the opening of spring lines with little change in prices has as a rule met with a satisfactory response. The clearance of summer stocks was unusually good and merchants are showing more disposition to cover future needs, although hand-to-mouth buying is still the rule. Trade in light apparel, women's garments and dressmaking accessories is good. Inquiries for small hardware and wire goods are improving as prices work lower. Grocery trade generally is slow, but there has been a marked strengthening in the markets for canned goods because of the small pack this year, heat and drought in many of the important producing districts having seriously curtailed the fruit and vegetable supplies. The trend of prices of foodstuffs is again upward, after many months of steady decline.

Retail business is good for this time of year. In Chicago it has been stimulated by the presence of thousands of visitors during the first two weeks of August, attracted by the Pageant of Progress; and in the interior the assurance of good crops and the eagerness of farmers to sell them as harvested have had a beneficial effect on the distribution of merchandise. Merchants seem to be profiting more from this change than the large mail order houses. The business of the latter continues to run thirty or 35 per cent. behind that of the corresponding time last year, and is confined almost altogether to essentials.

Railroad freight traffic is only ten to fifteen per cent. behind that of last August, the heavy movement of grain making up in large part for the shrinkage in general merchandise shipments. Passenger business also is below that of last summer by about the same extent, vacation travel in this case compensating for much of the loss in commercial travel. The movement to resorts began early and has kept up in force under the stimulus of unusually warm weather. The record-breaking shipments of grain have threatened a car shortage in



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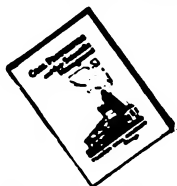
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—as Financier, Operating Manager, Sales Manager or Consulting Engineer, will be shown by a study of this book, mailed on request.

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COAL COMPANY

Founded 1883

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Operating 36 bituminous mines in 11 fields with
annual capacity of 18,000,000 tons

some sections, and the narrowness of the margin of available equipment over needs has induced a considerable increase in repair shop activities.

The coal market is stagnant, domestic buyers as a rule showing little disposition to anticipate next winter's needs and industrial consumers following a policy of drawing on reserves wherever possible and delaying the replenishment of stocks until business warrants an increase in operations. Mining operations, as a result, are much

below normal, and every week that passes with these conditions increases the likelihood of an embarrassing shortage of fuel when the demand exceeds transportation facilities.

Investment demand has improved and dealers' boxes are fairly well cleared. Several new issues of a class that recently sold on a basis of seven and three-quarter per cent. have been readily taken at seven and one-half or seven and three-eighths. Savings deposits continue to furnish encouraging evidence of thrift, holding up well to the high record figures of June 30.



BANKING WOMEN ATTEND CONVENTION OF WOMEN'S CLUBS

The banking women who attended the convention of the National Federation of Business and Professional Women's Clubs in Cleveland, the week of July 17, were entertained at luncheon at the Shaker Heights Country Club by the William Ganson Rose Company, on Wednesday, July 20. The luncheon was preceded by an automobile drive through the city parks and boulevards. A very interesting talk was given by Mrs. Geline MacDonald Bowman, manager of the women's department of the Merchants National Bank of Richmond, Va., and Miss Jane Bowman, of the First-Second National Bank, Akron, Ohio, gave a clever, original poem in which the work of the pioneer banking woman was contrasted with the important work she has to do today. William Ganson Rose was toastmaster. The occasion marked the first national gathering of banking women.

Among the forty guests were the following representatives of financial institutions: Mrs. Geline MacDonald Bowman, manager women's department, Merchants National Bank, Richmond, Va.; Miss Jane Bowman and Mrs. Zelda Brown, new business department, First-Second National Bank, Akron; Miss Burnette Church, Peoples Savings and Trust Company, Akron; Miss Florence Coffin, assistant manager women's bank department, Fletcher American National Bank, Indianapolis, Ind.; Miss Florence E. Crawford, First National Bank, Pueblo, Colo.; Mrs. Patty Garnett, Louisville Title Company, Louisville, Ky.; Miss Flora E. Hatch, personal service department, Peoples State Bank, Detroit, Mich.; Miss Josephine M. Henley, assistant cashier, National City Bank, Indianapolis; Mrs. Lena V. Huggins, manager women's department, Otis and Company, Cleveland; Mrs. L. A. Keys, assistant secre-

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tary and treasurer, Fontron Loan and Trust Company, Hutchinson, Kansas; Miss Mary Kibble, advertising department, Central National Bank Savings and Trust Company, Cleveland; Miss Nora Kirch, Louisville Trust Company, Louisville, Ky.; Miss L. M. Meehan, Union Trust Company, Indianapolis, Ind.; Miss Lillian Stoddard Meyncke, new business department, Winters National Bank, Dayton, Ohio; Mrs. Esther M. Moran, advertising department, Union Trust Company, Cleveland; Miss Lillian E. Oakley, assistant to the president, Cleveland Trust Company, Cleveland, O.; Miss Marie Roth, Ohio Valley Trust Company, Paducah, Ky.; Miss Donna Smith, Central Trust and Savings Company, Philadelphia, Pa.; Miss Esther Weant, Shelbyville, Ind.; Miss Wendermuth, financial advertising, Philadelphia, Pa.; Miss Cornelia F. Wolfe, advertising department, Guardian Savings and Trust Company, Cleveland, O.; Miss Thyrsa W. Amos, Dean of Women, University of Pittsburgh, Pa.; Mrs. Margaret S. Gray, bureau of recreation of Pittsburgh and vice-president for Pennsylvania National Federation of Business and Professional Women's Clubs; Mrs. Blanche B. Bolton, out-of-town representative, Miss

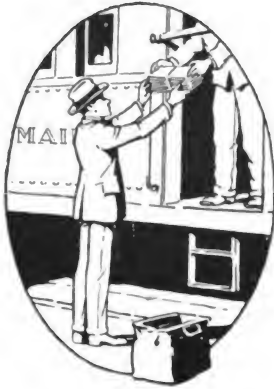
Millicent Ohmsted, secretary, Miss Isabella F. Addis and Miss Mary Caine of William Ganson Rose, Incorporated.

BANK MERGER IN CLEVELAND

The Northern National Bank and the Northern Savings and Trust Company, of Cleveland, Ohio, are to be merged with the Cleveland Trust Company. As a result of the combination, deposits of the Cleveland Trust Company are increased about \$106,000,000 and resources to over \$128,000,000. The consolidation is in line with the general movement for more powerful banking units in order that Cleveland may serve the mid-section of the country more adequately.

NEW OFFICERS OF THE INDIANA BANKERS ASSOCIATION

At the closing session of the twenty-fifth annual convention of the Indiana Bankers Association the following officers were elected: President, John A. Rhue, vice-president Marian National Bank, Marian, Ill.; vice-president, C. D. Billings of Seymour; secretary, Andrew Smith, reelected; treasurer, Frank Dale Thompson of Edinburg; mem-



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OVER ten million dollars a day, in the form of approximately 70,000 items, goes through our transit department—and it goes through with a rush.

No dust falls on any check sent us by a correspondent bank for collection. Our men are on the job day and night.

The bulk of our outgoing mail travels from our bank direct to the train by special arrangement with the postal authorities. Mail containing New York checks is picked up at the Grand Central Station by special courier and taken directly to the proper banks, instead of going downtown to the post office.

That's why we are able to handle collections for our correspondents on such attractive terms. For we know, absolutely, that in the least possible time every collection item received by us will be actually paid by the bank upon which it is drawn.

Wouldn't you appreciate the assurance that every collection item which you send through Cleveland would be taken care of in this manner?

The Union Trust Company *Cleveland*

ber of council of administration, Charles L. Ziegler.

A loving cup was awarded J. W. Shirk of Brookville as the group chairman reporting the greatest percentage of county organizations this year, his showing being 100 per cent.

PROMOTIONS IN FIRST WISCONSIN TRUST COMPANY

John C. Partridge, who has been secretary-treasurer of the First Wisconsin Company, of Milwaukee, Wis., since its organization in January, 1920, was elected a vice-president by the board of directors at the July meeting.

The company is one of the first Wisconsin group of financial institutions, the other two being the First Wisconsin National Bank and the First Wisconsin Trust Company.

Three other promotions were made by the directors at the same time. George A. Patmythes, who was assistant secretary, was moved forward to secretary; Hugh W. Grove, who was assistant-treasurer, was made treasurer, and Milton O. Kaiser, former manager of sales, was made assis-

tant-treasurer. They have been with the company since its organization.

Mr. Partridge is a graduate of the Albany Law School but never practiced law. He came back home to begin his banking career with the Walworth State Bank, of Walworth, Wisconsin. From cashier of this institution he went to the farm mortgage department of the Minnesota Loan and Trust Company, of Minneapolis.

At this time the public, which had been investing in farm mortgages, manifested an interest in bonds. From selling farm mortgages to selling bonds was therefore a logical step. About ten years ago Mr. Partridge returned to Wisconsin as a bond salesman for the First Savings and Trust Company, of Milwaukee. During the time that he has been with the institutions which merged into the First Wisconsin group, Mr. Partridge served as assistant cashier of the First National Bank, being elected to this position in 1915; manager of the bond department of the First National, being elected in 1917, and manager of the merged bond department when it united with the bond department of the Wisconsin Trust Company in 1919. When the First Wisconsin Company, which is the investment se-

curities organized branch of the First Wisconsin institutions, was organized in January, 1920, Mr. Partridge was elected secretary-treasurer. As a vice-president, he will serve with Robert W. Baird, Walter Kasten and H. O. Seymour.

Mr. Patmythes and Mr. Kaiser obtained all their bond and banking experience with the First National.

Mr. Grove is a newcomer in the bond field. Before going into the First Wisconsin Company he was with the Wisconsin Trust Company for several years. His previous experience, both as a lawyer and with the Northwestern Railway, have helped to make him valuable in the bond business, as is evidenced by his most recent promotion.

NEW BANK OPENED IN CHICAGO

The Italian Trust and Savings Bank has been opened in Chicago, Ill., at Halsted, Milwaukee and Grand avenues. In addition to a savings, foreign exchange and general banking business, it will have many features known only to European banks.

The officers of the new bank are Lawrence H. Whiting, president; Guido Marchi, vice-president; Milton H. Morse, vice-president and cashier; Earl B. McKnight, assistant cashier.

ENCOURAGING ACCOUNT OF EUROPEAN CONDITIONS

Reassuring views on the subject of Europe as a credit risk at the present time were expressed by F. O. Watts, president of the First National Bank of St. Louis, in an interview with press representatives, as he stepped ashore from the *Adriatic*, on his return from the London conference of the International Chamber of Commerce in which he held the chairmanship of the financial group.

His message is the most encouraging and stimulating word that has come out of Europe since the war. He found upon careful and wide investigation adequate guarantees in the situation for confident dealings with the countries of Europe. In illustration of the new soundness of viewpoint developing, he said:

"As one comes into contact with the financial and business men of Europe he is impressed with their desire to cooperate in the enormous task of restoring the world to a condition of normal peace and industry. They are courageously attacking and solving their problems and facing with determination and confidence the future. This attitude, in view of what these people have



Out in the Northwest

A BANK with resources
of over \$100,000,000

—the leading financial institution of its section—
the logical clearing point
for business intended for
Twin City territory.

First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars

suffered and lost, ought to be reassuring to American business men, since it affords not only a basis of confidence for the extension of credit, but also for that increased trade and production in Europe which will revive the market for American products.

"The people are expecting large assistance from the United States in this work of restoring industry, but there is no disposition to place this assistance and cooperation on any other than a business basis and one of mutual obligation to civilization and human progress.

"The situation in most European countries is growing better and in some countries marked progress is being made. England, with her world trade organization, is again rapidly resuming the normal processes of production and exchange. The coal strike is settled and progress is being made in finding a solution for her other economic and political problems. France, after her heroic struggle and staggering losses, is returning to her former industry and that marvelous thrift which has, in the past, amazed the world. In the devastated regions wonderful progress is being made. The people have returned to their destroyed villages, their trench-covered and shelled fields. They have or are gathering up the scattered stones of their homes and outbuildings, or are making new ones to rebuild. They have or are clearing their fields of shells and filling in trenches, and the golden wheat is now waving over the battlefields. Thus the war has not destroyed the wealth-creating power of England, France and other European nations, for it lies in their peoples, their fields, forests and factories."

CHANGES IN OFFICIAL PERSONNEL

The board of directors of the Second North-Western State Bank, of Chicago, have elected Frank E. Lackowski as vice-president of the bank. Mr. Lackowski is a well known realtor, principal owner of F. E. Lackowski & Company, a director of the Chicago real estate board, and has been for some time past a member of the board of directors.

It is felt that his services will be of distinct value to the bank as well as to its depositors and clients. Mr. Lackowski takes the place of T. M. Helinski, vice-president and cashier of the bank since its establishment, whose death on August 16 came as a distinct and regrettable loss to the bank and to the community.

At the same meeting W. P. Maciontek was elected cashier. He has been assistant cashier since the establishment of the bank

and is already well known to its clientele.

The Second North-Western State Bank, by its record of the past two years and its rapid growth in resources, which now exceed one million dollars, has proven its fitness to render the highest standard of service in every field of banking. It is wholly owned and controlled by stockholders of the North-Western Trust and Savings Bank and hence offers the same facilities as those to be secured at "Chicago's Great-est Bank Outside the Loop."

CENTRAL TRUST TAKES OVER GREAT LAKES TRUST

The Great Lakes Trust Company of Chicago went into voluntary liquidation recently, its deposits being taken over by the Central Trust Company of Illinois. H. H. Merrick, president and J. W. Thomas, vice-president were both elected vice-presidents of the Central Trust.

LIBERTY CENTRAL TRUST APPOINTS SAFE DEPOSIT OFFICER

As announced by J. L. Johnston, president of the Liberty Central Trust Company of St. Louis, John J. Sherrer, manager of the purchasing department, has been appointed safe deposit officer, to be in charge of the safe deposit vault now nearing completion. Mr. Sherrer has been connected with several St. Louis banks for more than twenty-five years, having recently been connected with the National Stock Yards National Bank prior to January 1920, when he joined the old Liberty Bank, which, through its consolidation with the Central National Bank, is now known as the Liberty Central Trust Company. During 1907 Mr. Scherrer was president of the St. Louis chapter of the American Institute of Banking and is now a "Fellow" of that institute.

The newly organized department will be located in the basement of the new building and will be ready for business about the middle of October. It will rank as one of the largest and most modern vaults of its kind in the country.

H. M. MORGAN TO ADDRESS TRUST COMPANY SECTION

H. M. Morgan, assistant vice-president of the St. Louis Union Trust Company has accepted an invitation to address the Trust Company section of the American Bankers Association at the convention in October. His subject will be "The Relationship of



Seven Departments

All National

- | | |
|----------------------|------------|
| 1. Commercial | 4. Trust |
| 2. Savings | 5. Bond |
| 3. Banks and Bankers | 6. Foreign |
| 7. Safe Deposit | |

This institution with its seven departments is a striking illustration of the broad scope which the service of a strictly National Bank may now assume under existing laws. And each of our departments is actively functioning.

What may we do for you?

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, more than \$15,000,000.00

Insurance Trusts." The invitation is a distinct compliment to Mr. Morgan, as this is the first time a place on the program has been assigned to any other than chairman of committees. Mr. Morgan has long been prominently identified with the Financial Advertisers' Association, being a charter member and having served in official capacity since the association was organized. He has also been very active in the advertising campaigns carried on by the Trust Company Section of the A. B. A.

F. H. TINSLEY WINS GOLF TROPHY

F. H. Tinsley, president of the Englewood State Bank won the Chicago and Cook County Bankers' Association Golf Trophy at a tournament played recently in a drizzling rain at Lake Geneva, Wis. Mr. Tinsley had low gross as well as low net and chose the president's trophy for low gross as his prize, relinquishing first place to A. S. Helquist, president of the Liberty Trust and Savings Bank.

John J. Walsh and Murray MacLeod, both of the Irving Park National Bank, were second and third low net respectively; while H. E. Herrick of the Live Stock Exchange National Bank was second low gross.

E. F. Bryant, president of the Pullman Trust and Savings Bank, proved the best estimator of his performances and won the blind bogey prize. Other good guessers in the blind bogey were Joseph Noel, president of the Noel State Bank and president of the Association of Commerce; O. A. Christensen of the Mid City Trust and Savings Bank, and O. J. Nettenstrom of the Federal Reserve Bank.

A. K. O. Cochrane of the Union Trust Company won the visitors prize for low gross score with a card of eighty-two, the best game of the tournament. Geo. W. McKinney of the Winnetka State Bank took the visitor's prize for low net.

About a hundred Cook County bankers made the trip by special train and were most delightfully entertained by the Lake Geneva Country Club; not even the rain putting a damper on the proceedings.

The Standard American Reference Book on International Banking

The **International Banking Directory**, the first American directory to be published entirely in the interest of international banking, is now ready for distribution.

The intention of the publishers is to make it the standard reference work for American banks interested in foreign business and for foreign banks using American banking connections.

Banks and bankers of the United States and abroad will find this book of real value to them in connection with international business. Some of the special features included in it are listed below.

The American Banker will find :

Information about the banks in all countries with locations of their many branches listed alphabetically by cities and towns.

Lately revised maps of all countries and geographical divisions.

A large amount of economic information about each country.

Much financial and general information of value to banks interested in international business.

The Banker Abroad will find :

The most complete select list of American banks he has seen in any international directory.

Lists of principal correspondents of a large number of American banks, enabling him to trace banking connections within the United States.

Valuable financial and economic information with regard to the United States.

Maps of the United States and of the Federal Reserve Banking System with interesting information regarding the latter.

The book is 7 x 10 inches, strongly and handsomely bound in red cloth and contains 527 pages, exclusive of maps and inserts, completely indexed.

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Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

IMMENSE marketings of wheat of the new crop are occupying the center of the stage in the business of the West. The winter wheat areas and the spring wheat sections of the western states never before sold wheat so rapidly and on so large a scale as in recent weeks. The great sales of wheat by farmers really furnish the key to the economic situation of the western states. They tell a story of eagerness to liquidate debts. The manner in which the wheat is being absorbed on markets reflects world conditions that are operating against a return of real prosperity in this section. The new wheat movement, together with other new crop sales, has improved sentiment in general business but has thus far effected no material change for the better.

It has often been pointed out that farmers and the general public move from one extreme to another. A year ago there was reluctance to sell new crop wheat at prices more than double current quotations, farmers then holding for \$3 and \$4 a bushel. Since the beginning of the winter wheat harvest in Oklahoma and Kansas farmers have sold wheat as fast as they could move it and persuade country elevator operators to absorb the grain. The Dakotas have lately witnessed the same rush of spring wheat. The grain has been moving faster than the trade could absorb it on a healthy basis, with the result that prices are practically at the lowest level on the crop. Some farmers are receiving hardly 80 cents a bushel, compared with more than \$2 a year ago. It appears that farmers recall too freshly their experience of last year, when they lost millions through their persistence in holding wheat. Besides, country bankers and country merchants have been pressing them for months to pay off old debts, and they want therefore to sell as quickly as possible.

Sentiment among grain dealers and bankers is divided as to the rush of wheat. Some deprecate the unprecedented outflow from farms on the ground that more orderly dis-

tribution would maintain the market on a higher level. A majority of bankers, however, hold that farmers in debt ought to sell as readily as their local marketing channels permit. Reports of serious drouth conditions in Europe have stimulated the hope that perhaps higher wheat prices will be witnessed later in the year, but the uncertain foreign credit conditions are tempering bullishness.

Grain commission dealers, grain exporters and flour millers are enjoying the greatest activity in business in the West owing to the abnormal movement. Naturally, the income of commission houses has been greatly augmented. Exporters who had previously sold short enormous quantities of wheat to foreign buyers for deferred delivery have been heavy buyers to fill contracts, absorbing a large percentage of the arrivals from farms. In addition to the very heavy movement of wheat to Kansas City and other inland terminals, enormous quantities of the grain are moving direct to the Gulf ports. Virtually no difficulty is being experienced in obtaining cars, a surprising condition in view of the remarkable flow of grain from farms.

Production of flour by mills in the winter wheat states has been of a record volume, most plants operating days and nights as well as Sundays in order to meet the requirements of domestic and foreign buyers. Flour is being taken for spot and current needs, but there have been so many holes in consuming channels to fill that even the heavy purchases of the past sixty days have not resulted in any accumulations. Foreign demand has not been so active as domestic trade, though important quantities were worked to England, Scotland, Holland, Germany, the Scandinavian countries, Belgium and other European nations. Some of the old world countries are taking a higher grade of flour.

Corn and oats are selling at ridiculously low prices, but demand is lacking even at current levels and the market remains weak. Large quantities of oats of the new crop are moving from the Dakotas, Nebraska and other large producing states of this territory, the grain, instead of finding

its way into consumptive channels, merely being taken up for storage in terminal elevators. Oats are around an average of 2½ cents a bushel net to growers, compared with more than \$1 a bushel at this time a year ago. Corn is below 50 cents a bushel on terminal markets. Hay is so low that very little is moving.

Live stock markets show some improvement, but, aside from hogs, the trade is not satisfactory to the West. Grass cattle are easily \$1 per hundredweight higher than the leading stock yards centers expected to receive, but these quotations, largely \$5.50 to \$7.50 on grass steers, are unprofitable. The movement of grass cattle is now heavy, but was slow earlier in the season, owing to the reluctance of holders to sell at the unprofitable prices. Another influence which led to the postponement of marketing was the excellent condition of pastures, which offered the promise of adding more weight to cattle. Sheep and lambs are now easier than earlier in the season owing to the increase in receipts. Hogs are far above a parity with corn, the strength coming from the continued good export demand from Europe, together with the usual increase in the proportion of pork products entering domestic channels in periods of depression. The horse and mule market is still lifeless, awaiting a sharp rise in cotton, and, in turn, in the purchasing power of the South before it can revive.

Cattle markets are making a better showing than expected, though failing to avert losses, because corn and other feed crops are yielding an enormous harvest in the aggregate, with probably the largest output of corn in history. As these feeds are cheap—almost too cheap to move from farms—stocker and feeder cattle are being taken in larger and larger numbers by corn farmers. This is creating competition for packers in the purchase of heavier grass steers and, of course, broadening the outlets. It spells expansion in beef production next fall and winter. The feed situation on ranges of the West is equally favorable, which will reduce marketing of young stock where pressure is not exerted by financial interests desiring liquidation.

The \$50,000,000 Stock Growers' Finance Corporation, the pool organization formed to relieve the cattle loan situation, has helped more through its psychological influence than in any other manner. Its loans at seven per cent. to the borrowing banks or loan companies have not yet been taken in large volume, but it has undoubtedly inspired confidence in the live stock industry. The recent lowering of Federal Reserve dis-

count rates has probably diverted some demand from the pool. The pool is taking only well secured cattle and sheep paper, and some live stock interests are again agitating at Washington for War Finance Corporation funds, claiming the pool to be unsuccessful.

Industrially and commercially, little progress toward improvement is discernible. With low prices for the immense sales of wheat, farmers are not enjoying any great increase in purchasing power, as a large share of their proceeds are going into the payment of old debts. Country merchants in the rural districts are remarkably small buyers of merchandise for this season, having liberal old stocks bought at high prices still to be sold. The copper industry has witnessed new low prices for the year. A slight increase in inquiries for lumber is reported, with more interest from railroads, which normally absorb twenty to thirty per cent. of the output of mills, but prices are as low as at any other time this year and production sharply below normal. Softening in prices is still the rule in the oil industry, with producers not yet recovered from the sensational break in the earlier part of the year. The producers in the Mid-Continent field, who are being pressed by the strong companies through drilling operations forcing the boring of offsets, have succeeded in obtaining a slight modification from the Federal Reserve Bank of Kansas City in the handling of their loans. The independents are badly in need of more money. New construction work is at a low ebb, partly because economic conditions are reducing the demands for homes and apartments and business property. The disparity in prices between farm and range products and quotations in cities on rents, merchandise and other items continues a serious restricting influence on business in general. This disparity must disappear.

Banks on the whole report improvement in their position as compared with a month ago, but the betterment has been almost entirely among country banks. The terminal markets handling much wheat show little improvement. As new wheat is sold, the country banks receive proceeds from grain terminals. At the terminals the heavy accumulation of new wheat in store has necessitated extensive lending by banks to elevator operations. There are excellent profits available in the storage of wheat at terminals against future sales. The terminal banks are also called upon to finance the movement of wheat and flour to domestic consuming centers and to exporting points. However, the liquidation by country

LOS ANGELES—

From all over the country people are flocking to Southern California seeking homes, farms, investments and business opportunities. This Bank maintains a

DEPARTMENT OF RESEARCH AND SERVICE

to furnish complete and accurate information regarding Los Angeles and Southern California, its resources, industry, commerce and agriculture. This department is in charge of a vice president, and the work is carried on by men of special education and training in economic research and statistics. Bankers and their customers are cordially invited to make use of the services of this department.

Automobile Trips. Our Automobile Map of Southern California, gladly sent for the asking, shows more than 2000 miles of paved roads reaching all the towns, resorts, beaches, mountain camps and scenic points within 100 miles of Los Angeles. We will take pleasure in arranging for any banker, in advance, the rental of an automobile with or without driver for use while here.

Capital & Surplus \$ 5,250,000

Resources over 95,000,000

SECURITY TRUST
& SAVINGS BANK
SAVINGS COMMERCIAL TRUST

banks has about offset the expansion in loans of city banks. The live stock industry is furnishing more liquidation. So many debts of farmers and stockmen are to be paid that the bulk of the new crop money is going into liquidation. Unless prices for farm and range products advance, the 1921 harvests are likely to accomplish little more for the western states than healthy liquidation of loans that will pave the way for better business conditions in the future. Prices and demand constitute the key to the prospective developments in business and banking in the western states.



HAMILTON NATIONAL BANK

The Hamilton National Bank of Denver, Colo., opened for business August 2 at its new quarters in the rooms formerly occupied by the United States National Bank in the Equitable building at Seventeenth and Stout streets that city. The Hamilton National Bank was organized ten years ago by the late T. A. Cosgriff and his associates and has made steady progress ever since. James C. Burger is president of the institution.

MONTANA BANKS CONSOLIDATE

The Yellowstone National Bank with a capital of \$100,000 and the Merchants National Bank with a capital of \$250,000 both of Billings, Montana, were consolidated recently under the title of the Merchants-Yellowstone National Bank. The consolidated institution will occupy the quarters of the Yellowstone National Bank. The officers of the combined institution are: chairman of the board, Lewis C. Babcock, formerly president of the Yellowstone National Bank; president, Roy J. Covert, formerly president of the Merchants National Bank; vice-presidents, Charles M. Bair, formerly vice-president of the Merchants National; W. A. Selvidge, formerly vice-president of the Yellowstone National; Edroy H. Westbrook, formerly vice-president of the Merchants National; W. L. Clark, formerly vice-president of the Yellowstone National; and George M. Hays, formerly vice-president of the Merchants National; cashier, Dean A. White, formerly cashier of the Merchants National Bank; assistant cashiers, F. E. Hanly, formerly assistant cashier of the Yellowstone National, and W. J. Tobin, formerly assistant cashier of the Merchants National.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

THE general feeling among bankers and business leaders tends towards optimism. In the last few weeks have come bona fide facts that strengthen this viewpoint. Important bankers and financial men have expressed themselves as confident that the turn in the road has been reached and men prominent in industry have come out for the first time with encouraging statements. All signs plainly indicate that the turning point in liquidation has been reached and there are satisfactory indications of a return to normal. A striking development has been the reduction of the Federal Reserve bank rediscount rate from six to five and one-half per cent. This event had been foreshadowed in easier credit conditions.

Industrial conditions show some improvement with sentiment more hopeful. Employment gains in agriculture, textiles and food preserving are partially offset by continued depression in building and shipping. Retail trade is fair.

With abundant crop yields farmers have been marketing their crops rapidly and at better prices than were anticipated. Barley in California has sold freely for export. The rice crop is reported as being about eighty per cent. of normal as compared with a nine year average of ninety-two per cent. The sugar beet yield will be approximately that of last year.

The Hawaiian pineapple crop will total 5,884,000 cases, a slight falling off from last year's figures. Canned pineapple is reported to be moving much better than was anticipated and it is thought that there will be little difficulty in moving the entire crop, the price holding firm. Semi-annual statements of the banks and trust companies of the Islands show the financial institutions to be in good shape, although deposits are slightly reduced as a result of the low price of sugar.

The salmon catch in the Alaskan waters this year threatens to fall below that of last season. Demand for the finished product is heavy from all over the world, particularly heavy demand coming within the

last few weeks from England and Australia. Supplies on the Coast are practically exhausted. As last year's pack was only four and a half million cases and as this year's will be even smaller, good prices will prevail for some time to come. The Puget Sound pack is reported a failure and from the Columbia River come reports that the pack is only sixty per cent. of normal. High water, caused by heavy snowfall, followed by severe spring rains, is given as the reason for this shortage.

The bond market is not particularly active. Few new issues of any consequence have come out and dealers' shelves are pretty well cleaned. The largest municipal loan of the month was brought out by the National City Company heading a syndicate which included among its San Francisco members the Bank of Italy and the Anglo and London Paris National Bank. This issue consisted of \$13,306,000 City and County of San Francisco four and one-half per cent. Hetch Hetchy Water bonds, maturing from 1945 to 1964 and offered to yield 5.40 per cent. It is understood that the syndicate has an option until November on \$8,000,000 more of this issue.



NEW VICE-PRESIDENTS OF THE BANK OF ITALY

A. J. Mount, vice-president and cashier of the Central National Bank of Oakland, Cal., and for more than fifteen years associated with that institution, has announced his resignation to become vice-president in charge of the seven branches of the Bank of Italy in Alameda County, with headquarters in the Bank of Italy building at Broadway and Eleventh street, Oakland.

For many years Mr. Mount has been identified with prominent organizations in California, including the California Bankers Association, in which he now serves as chairman of group six, and as a member of its trade acceptance committee. He is a director of the Oakland Chamber of Commerce and a conspicuous figure in the industrial progress of that city. Prior to his

association with the Central National Bank, Mr. Mount served for several years as an officer of the Bank of Palo Alto.

R. B. Burnister, vice-president and cashier of the Mercantile Trust Company of San Francisco, a conspicuous figure in California banking circles for the past fifteen years, has joined the staff of the Bank of Italy as vice-president at its head office.

At the time of the consolidation of the Savings Union Bank and the Mercantile Trust Company a short time ago, Mr. Burnister was a dominating figure in the proceedings. He is well known not only on the western coast but throughout the entire country.

PROCEEDINGS OF FINANCIAL DEPARTMENTAL OF PACIFIC COAST ADVERTISING CLUBS ASSOCIATION CONVENTION

The financial advertising departmental was one of the most important at the 1921 convention of the Pacific Coast Advertising Clubs Association, held in Tacoma from July 3 to 9.

F. A. Stearns, of the Guaranty Trust and Savings Bank of Los Angeles, acted as chairman of the departmental. Mr. Stearns was reelected chairman for 1922.

The first speaker was W. S. Kirkpatrick, president of the Kirkpatrick Advertising Agency of Portland. His subject was "Why Banks Should Advertise—When, Where and How," and he covered with unusual completeness each of the four points suggested in the title, tracing the growth of bank advertising and analyzing the various available mediums. He particularly stressed the foolishness of "fair weather advertising"—that is, advertising which is done only when conditions are good.

The address of Hazel Britton, of the advertising department of the Old National Bank of Spokane, was selected as the most constructive address delivered before the departmental and as such was repeated before the association's general session. Her topic was "Some Fundamentals of Bank Advertising" and she touched, in an entertaining manner, on many sidelights of bank advertising. She stressed that banks should advertise not only for their own direct benefit, but as a public duty to inform the general public regarding various bank services which they would benefit by using.

R. A. Cleaveland, an outdoor advertising man, gave some interesting sidelights on psychology, direction attraction, etc.

The first address delivered on the second day was "Faults of Modern Bank Adver-

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,250,000.00

Total Resources 20,047,726.81

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Frank Crawford, *2d V.P.* R. McCriston, *Cash'r*

Branch Banks:—Lihue, *Island of Kauai*;
Waipahu, *Island of Oahu*; Wailua, *Island of Oahu*; Kapaa, *Island of Kauai*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

tising," by Ralph P. Anderson, assistant to the president of the Sacramento-San Joaquin Bank, of Sacramento, California. He touched upon many of the faults which bankers must work to overcome in order to have their advertising up to a higher standard.

Warren E. Crane, manager of the advertising and service departments of the Washington Mutual Savings Bank of Seattle, talked on "Thriftograms and Savings Bank Advertising."

A helpful address was delivered by Ethel Peterson of the Kirkpatrick Advertising Agency of Portland on "Copy that Sells the Bank."

Ralph P. Anderson of the Sacramento-San Joaquin Bank carried off first honors in the direct mail advertising departmental, receiving the first prize silver cup for his address on "Uses and Abuses of Mail Advertising."

San Diego was selected as the next convention city, and Rollin C. Ayres of San Francisco was elected president of the association.

PASADENA BANK PURCHASES NEW BUILDING SITE

John Willis Baer, vice-president of the Los Angeles Trust and Savings Bank, announces the purchase of a bank and office building site at Colorado street and Maren-go avenue in Pasadena, California.

The purchase of the site is a result of the recent merger of the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank with the Union banks of Pasadena. Directors of the Los Angeles Trust and Savings Bank have en-

dorsed the directors' plans to expend at least \$1,000,000 to house the new bank known as the Union Trust and Savings Bank.

Dr. Baer has not as yet announced the name of the architect, but states that a comprehensive study of modern bank buildings will be made in an endeavor to erect a structure equal to any west of Chicago. It will be eight or ten stories in height, with an arcade for shops similar to plans used in New York, also a woman's department, committee rooms for civil organizations and modern offices with ample elevator service.

MERGER OF LOS ANGELES BANKS

Formal announcement has been made of the completion of the merger of the Security Trust and Savings Bank, Guaranty Trust and Savings Bank of Los Angeles, Cal., and the Long Beach Trust and Savings Bank of Long Beach, Cal. The combined resources of the merged institutions will aggregate \$148,000,000; combined deposits, \$138,000,000; capital and surplus, \$11,500,000.

The name of the merged institution will be Security Trust and Savings Bank. Joseph F. Sartori, for thirty years president of the Security Bank will be president and active manager; Maurice S. Hellman, vice-president of the Security will be vice-president and chairman of the board; Dr. M. N. Avery, president of the Guaranty Bank will be vice-president and chairman of the executive committee.

The present main bank of the Guaranty at Spring and Seventh streets will be called the Guaranty office and will be in charge of Vice-president Avery. P. E. Hatch, vice-president of the Long Beach Bank will be vice-president of the Security and manager of the Long Beach branch.

The personnel and policies of all the banks and branches will not be disturbed, the various officers taking corresponding rank in the Security Bank. The principal offices will be at the present main Security Bank.

The Security Bank, with resources of more than \$96,000,000 has been for many years the largest banking institution in the

southwest, a complete departmental bank, savings, commercial and trust. The Guaranty Bank, similarly complete in its services has more than \$42,000,000 resources. The Long Beach Trust and Savings, also departmental, is the oldest and largest bank in Long Beach with nearly \$10,000,000 of resources, having recently absorbed the National Bank of Long Beach. Each of the banks has several branches, so the new institution with eleven branches, will cover Los Angeles, Hollywood, Pasadena, Long Beach and Huntington Beach. With the exception of the last named branch, the new bank will be entirely within Los Angeles county, and so is entitled to rank as the largest financial institution serving one locality west of Chicago.

BANK OF ITALY PURCHASES RIDEOUT BANKS

When President A. P. Giannini of the Bank of Italy closed negotiations for the purchase of the six Rideout banks of Northern California, he acquired a large chapter of California history as well as half a dozen thriving institutions with total resources of nearly \$8,500,000.

The Rideout banks, two of them at least, have their roots in the gold days, the late N. D. Rideout having been a pioneer banker in Northern California. Mr. Rideout engaged in the banking business in Marysville in the early fifties, at a time when that city ranked second only to Sacramento as a seat of enterprise in the interior. The bank was not incorporated, however, until 1861. He afterwards became the head of two San Francisco banks.

The banks acquired by the Bank of Italy recently are: the Rideout Bank of Marysville, the Farmers Bank of Wheatland, the Rideout Bank of Live Oak, the Rideout Bank of Gridley, the Rideout-Smith National Bank of Oroville and the Bank of Rideout-Smith and Company of Oroville.

Formal application has been made to the state superintendent of banks by the purchaser for authority to convert these banks into branches. The purchase will give the Bank of Italy a total of forty-five branches in thirty-four California cities.



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIFTH YEAR

OCTOBER 1921

VOLUME CIII, NO. 4

The Heart of the Disarmament Problem

IN sending out the invitation for the Disarmament and Far Eastern Conference, President Harding used this significant expression:

“It is, however, quite clear that there can be no final assurance of peace in the world in the absence of a desire for peace, and the prospect of reduced armaments is not a hopeful one unless this desire finds expression in a practical effort to remove the causes of misunderstanding and seek a ground for agreement as to principles and their application.”

As this MAGAZINE pointed out several months ago, the desire for peace—the attitude of heart and mind toward other nations—is the important thing. Without this, peace conferences and disarmament movements are not only likely to be futile, but they constitute a glaring example of hypocrisy and represent the worst form of trifling with an extremely serious matter. We remember The Hague disarmament conference, which only preceded the Great War by a few years. Let us all most fervently hope that a like catastrophe is not foreshadowed by the Washington conference.

A meeting of this character is of value only to the extent that it represents an honest desire of the participating nations to seek to reach a common understanding and to exemplify the possibilities of settling disputes by other than warlike means. As a preliminary to the reaching of such an understanding, the world will probably have to undergo a long and tedious process of education, to the end that juster principles may prevail and that the peoples of the leading nations may come to know each other better. It must be admitted with regret that the time for disarmament is not ripe. We have no such understanding and good will today, though on the part of the English-speaking world there exists a hopeful search for it. But before there can be such general amelioration of world opinion as would make disarmament a wise and practicable step, the process of international understanding must be greatly enlarged. Newspapers and magazines, public men and individuals all need to be more tolerant in speaking of the foreigner. Perhaps,

in some cases, the sharp angles of history need rounding off. As the means of travel improve, peoples of different nationalities may reach a better understanding through the process of mingling more with one another. Trains "every hour on the hour" are doing much to bridge the gulf of hostility that once existed between New York and Philadelphia. When the Japanese and Americans can fly over and spend the week end in either country, they will find in time that the interchanges thus brought about beat war by a long ways. Indeed, Patrick Henry and his compatriots might have had a much harder job in getting up the war fever among the Colonists had the fast ocean-going steamer existed in those days. However this may be, it is certain that a closer study of the languages, civilization and customs of the different peoples of the world helps to bring about that enlarged point of view which is the forerunner of the good understanding among nations which will arouse the desire for peace of which President Harding speaks and make disarmament something more than the travesty it would be while the present degree of international suspicion and hatred prevails.

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The Lesson of the Shipping Board

DISPOSITION to moralize or even to chuckle over "the most colossal commercial wreck in history"—the Shipping Board muddle—is not easily resisted. But surely a considerable allowance ought to be made for the inevitable urgency for procuring and operating ships which arose during the war and lasted for some time after the conflict ended. A cry went up from all over the land for "ships, ships, and more ships." Nobody thought or cared much in those days for the cost. We wanted the ships in quantity and wanted them quickly, and were not disposed to higggle over the price. This naturally gave rise to extravagance in production and operation, and the lax policy engendered by the war continued long afterwards, just as did the policy of inflation, of high wages, of public and private extravagance generally.

The country had a long way to go in suddenly evoking a merchant marine. Even in normal times to have built up such a fleet in so short a period would have meant high cost and heavy outlays. In war time the cost was necessarily much greater. All this seems forgotten now. But if we waive all criticism for what was done in order to transport troops or supplies for war purposes, the country must still bear responsibility for the collapse due to the inordinate desire to create out of nothing a merchant marine of commanding proportions. To put our flag on the seven seas was a stirring sentiment of which every demagogue and dispenser of buncombe

took swift advantage. They knew nothing at all about shipping as a business. They never stopped for a moment to ask whether this ambition would pay or not. If they had done so, they might at once have been impressed by the fact that it was extremely significant that American capital in private hands had been reluctant to engage in shipping on any large scale, although the American capitalists are as eager as any for profit, and not slow in taking advantage of real opportunities for making it. Despite this unmistakable warning of the rashness of undertaking an enterprise which private capital avoided, the Shipping Board, prodded by an ill-advised public opinion which had been carefully manufactured and fostered, went ahead with its grandiose project. The result we partly know. It has been disastrous, and under the circumstances could not have been otherwise.

To ascribe this collapse to the inefficiency of the Shipping Board, or to hold it up as an example of Government operation of industry, would be merely to state only half the truth. It has been said that the attempt was made to create a merchant marine out of nothing. This was the real trouble. We had nothing but wind; and this, however valuable as an adjunct to the voyage of a sailing ship, was of little use in getting modern craft under way. There are some indispensable conditions to the successful creation, operation and profitable maintenance of a large fleet of ocean-going vessels. In the first place, if the inducements to private capital are not sufficient, the country must be in earnest about getting such a fleet in other ways. We are not in earnest about a merchant marine. Our desire for it is not great enough to cause us to be willing to pay the price. Our laws in regard to the operation of ships—laudable as they may be as ideals—are impracticable and prove this assertion. Then, we are opposed to buying foreign goods. This policy is utterly incompatible with the profitable operation of ships. Nor have we the seamen willing and able to man the ships, and we lack executives so thoroughly trained in the shipping business as to understand how to make it profitable.

In criticising the Shipping Board and in condemning Government incapacity in this case, let us not forget the responsibility resting upon all of us for our failure to deal candidly with this great question.



Increase of Farm Mortgage Indebtedness

FIGURES of farm mortgage indebtedness in the United States recently published are highly instructive. Like nearly all statistics, they can be discounted considerably from their face value. The mere fact that farm mortgages in a given locality have increased by one hundred per cent. in the ten years between

1910 and 1920 does not necessarily mean that the owners of the farms are more heavily in debt proportionally than they were before. This can best be ascertained by comparing the increase of indebtedness with the increase in value of land and buildings. Taking this as a guide, it appears that while the per cent. of increase in value of land and buildings between 1910 and 1920 was 117.6, the per cent. of increase in the mortgage debt in the same period was 132.5. But even with this growth of the country's mortgage debt, the ratio of the debt to value is still low, being 29.1 per cent. in 1920, compared with 27.3 per cent. in 1910. The total farm mortgage indebtedness of the United States rose from \$1,726,172,851 in 1910 to \$4,012,711,213 in 1920. Montana reports an increase of 625.7 per cent. while Iowa reports an increase of \$285,574,017, or more than the aggregate farm mortgage debt of any state in 1920, with the exception of Wisconsin.

As the average interest rate was only 6.1 per cent. on farm mortgages in the United States in 1920, it would seem that the farmer has been in a more favorable situation with respect to his borrowings than some municipalities, a number of foreign governments and many railway and industrial corporations.

It is probable that the farmer's requirements for long-term credit, as represented by mortgages, are being well met, but quite likely his needs for temporary credits have been less carefully looked after. This is no doubt explained by the fact that while the farmer had an abundance of security for mortgages in the shape of his land, he lacked the collateral usually most acceptable for temporary credits. In fact, the banks in making advances of this kind relied quite as much on the farmer's ownership of land for their ultimate security as on anything else. Advances made against crops, while usually satisfactory, were difficult of realization on a falling market, and this was the time when banks naturally felt most concerned about getting payment, while the farmer quite as naturally felt indisposed to market his crops—a condition strikingly exemplified in recent months.



Increasing the Scope of the Postal Savings Banks

FROM a recent newspaper announcement it is learned that the Postmaster General contemplates the recommendation of more liberal provisions governing the deposits in Postal Savings Banks. It appears from this statement that the Postmaster General thinks that the present treatment of such depositors constitutes a flagrant case of profiteering, amounting "almost to

fraud." Most of us had supposed profiteering was an offense quite beyond the pure range of governments, and that it was confined exclusively to big private business concerns. Mr. Hays reminds us that, in this respect, the king as well as his subjects can do wrong, the legal maxim to the contrary notwithstanding. The wicked profiteers may extract what comfort they can from this knowledge, though it will probably not be a very great consolation, for they must reflect that Uncle Sam is immune from punishment while they are not.

Presumably Mr. Hays predicates his charge of profiteering upon the fact that the Government has been paying only two per cent. to depositors while other savings banks have been allowing double that rate. When the Postal Savings Bank scheme was pending in Congress, THE BANKERS MAGAZINE plainly charged that by offering this low rate the Government was taking advantage of the foreigner's ignorance, although these banks were professedly in the foreigner's interest. It would have been sounder political economy as well as decidedly more honest if the Government and the existing banks had united in a campaign of education by which the unenlightened foreigners would have been shown that there are thousands of safe banks ready to take deposits and pay as much as four per cent. The spectacle of the Government of the United States taking advantage of the foreigner's ignorance by depriving him of one-half the earnings to which he was entitled on his poor savings is not one to cause the average American to swell with pride.



Detroit Manufacturer Scorns Wall Street

IN Detroit there is a manufacturer of small machines, which run on wheels and advertise the entrance of the average citizen into the ranks of car-owners. The maker of this machine has deservedly won a success in which all right-minded persons—even bankers—greatly rejoice. Besides being a keen business man, this Detroit manufacturer has a mighty bright press agent. For example, it may be chimerical during a big war to start a peace ship off for Europe, loaded with an assortment of miscellaneous individuals; but as an advertising device, the late P. T. Barnum in his palmiest days had nothing to approach it as a means of enlisting public attention.

Mr. Ford—the gentleman under discussion—seems to have a disliking for bankers, especially those managing the larger banks in New York. He has made this dislike plain more than once. So it is not surprising that following reports of his need for money he took pleasure in showing the door to the New York banker who

came to him with a proposal of this kind. The story was dramatically related in the newspapers a short while ago and constitutes one of the prettiest romances of a somewhat tiresome summer. As it possesses strong "human interest" its early appearance on the screen may be predicted. How the rural districts will thrill at sight of Henry besting the Wall Street dragon! No oily villain from this pestiferous lair of the money trust will be allowed to whisper into the public ear the calumnious charge that the whole story is but another fine exhibition of the art of publicity. Mr. Ford is keen-witted enough to know, however, that in displaying greater prowess than the money trust he has taken the surest way to the hearts of those who want his cars—and also to their pocketbooks as well.

But, more seriously, if Henry Ford at one time badly needed \$60,000,000, as the story in question says, and was able to raise this large sum and an additional \$27,000,000 all in a few months entirely through his own resourcefulness, it constitutes a feat which is a fine tribute to the ability of this great Yankee manufacturer and trader, and is an example of pluck in which all Americans may take pride, despite the scars which the Wall Street octopus may have sustained in the transaction.



ALONG with our boasting of science there needs must go a greater humility. We cannot substitute science for character. Least of all can we substitute the superficial for exact scholarship. Social science ought to begin by teaching that there are no short cuts for society. For whatever it has it must pay and pay the full price. Unless there be national character, there can be no national progress and no national prosperity.

There are dishonesties in our governments, there is trouble in our transportation, there is disaster on the farm, there is lack of housing in the city because people are trying to get something without paying for it. This nation ought to know, that great and rich as it is, powerful as is its government, that its people cannot pursue that course save with disaster. The government is powerless to interpose, the whole force of society is powerless to support a people bent on that course.

Calvin Coolidge.



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JOHN W. PLATTEN

President United States Mortgage and Trust Company, New York

MR. PLATTEN, who was born in Canada, began his business career with a Toronto bank. In 1888 he joined the forces of the Erie Railroad in Cleveland, Ohio, the following year being transferred to the office of the second vice-president in New York. After twelve years' service in various positions he was, in 1901, elected treasurer. Two years later he resigned to become assistant to the president of the Lehigh Valley Railroad, and later was elected second vice-president, in 1905 Mr. Platten became affiliated with the United States Mortgage and Trust Company as vice-president and became its president in 1910.

Mr. Platten is a director of five railroad companies as well as the International Mercantile Marine Co., New York Dock Co., Importers and Traders National Bank and Commercial Trust Company of New Jersey, and is active on the boards of numerous other companies.

For a number of years he has been closely identified with the American Bankers Association, serving as president of the trust company section in 1918-1919.

A Profitable Account

A Discussion of Method by Which the Profit or Loss on a
Checking Account May be Obtained With Fairness
to Both Banker and Customer

By Alexander Wall

Robert Morris Club, Lansdowne, Pa.

THE question as to whether a checking account returns a profit or a loss to the bank, in which the deposit rests, is a vital thing for the bank to be able to determine. The average citizen of this country is fair minded enough to be willing to allow his banker a reasonable profit for the banking service rendered. Attempts to get special privileges on interest rates, exchange charges and the like, are often based on the premise that seemingly large balances produce proportionally large profits so that the bank can afford to make concessions on some of its charges below regular prevailing rates. Such a customer is often obdurate until the facts are laid before him, then in most cases unreasonable demands will not be made. The proper thing for a bank to do then is to prepare some basic facts upon which to base the computation of the real profit and loss value of an account.

The separate component parts of each account must be taken each by itself. That is we must not confuse the loaning feature of the bank with its deposit feature. The credit a bank has to loan can always find a market, not at all necessarily the deposit customer borrower. One fallacy in the mind of the simple minded borrower is that the bank makes a profit on his loan, hence the average balance which he carries is of no importance. But the bank could have loaned the money in the open market any way and hence could have had an equal return on the credit it had to loan irrespective of the connected balance.

A bank exercises two main functions. The one is a fabricator of credit in the making of loans against reserves accumulated by capital subscription and

deposit. The second is the creation, proper management of, and handling of the check money of the country. This is most nearly the ideal elastic money we hear so much talked about by the economists. The check system of this country is absolutely elastic in that for every need for a medium of exchange a check is or can be drawn which satisfies that one transaction need and is then absolutely retired for good and all through payment and certain retirement.

This function of creating, through checking accounts, a thoroughly elastic money, or medium of exchange, is so important a matter that the checking feature of a bank, the deposit account item, can well be considered by itself independent of the other banking functions. In the matter of providing unlimited divisibility of units of payment, certain identification of payment, ease of manipulation of funds, certain elasticity for both individual and country, etc., the deposit account provides enough service to be worthy of earning a profit, as such, without reference to any other banking function. Therefore it is fair to consider the checking account entirely by itself and demand of it that it show at least a small margin of profit of itself.

PROFIT SIDE OF AN ACCOUNT

On the profit side of an account must be entered whatever earnings that account may develop. The first of these will come from that proportion of the account that can be loaned in the market.

In order to determine what this will be the bank must first of all ascertain the average amount of funds on deposit over which it has the banking control.

This is no more than the average daily balance. This balance is the average amount of funds the customer has left under the control of the bank management. Daily fluctuation may be considerable but the ups of one account are offset by the declines of another.

Therefore the gross sum that any bank can begin its computations with in regard to any account is the average daily balance. Some part of this sum the bank may loan at the going rate. To determine what part may be loaned, deductions for reserves should be made to the varying degrees that the law, either national or state, makes necessary according to the type or location of the bank. After making these deductions the banker can determine the net funds that may be turned into a loan and that will earn a profit for the bank. This makes the profit side of the deposit account.

DEBIT SIDE OF A CHECK ACCOUNT

A comparatively simple thought in connection with the expense side of a checking account is often overlooked. In the last analysis what is it but physical volume that makes for the expense of handling checking accounts. Financial size of a check does not make much difference. It is as easy, on an adding machine, to list \$1,000,000 as it is \$1 but it is twice as expensive to list \$1 twice as it is \$1,000,000 once, in the time and effort of the clerk, time in use of the machine, etc. Therefore it would seem a very simple matter to lay the charge for cost of operation against the physical volume of checks. If the actual number of checks handled made a continued and marked increase it would mean more clerks to handle them, more machinery investment, more clerical floor space, more rent, light, heat, officers to oversee the work, etc. Physical volume causes the necessity of mechanical and human means of handling.

It might seem that if this reasoning were to be accepted that all that would be necessary would be to make note of the physical volume of checks passing through a bank, divide the total daily

expense by this amount and get a cost per check. Then charge each account an amount equal to the checks it put through the bank multiplied by the cost per check and so get the total cost of that account. But this would be too crude a method as there are multiple variations in cost that must first be adjusted as we can readily see upon only a slight reflection.

THE COUNT BASIS OF COST

At the very outset of our consideration of costs as measured by volume we are faced by the fact that it does not cost as much to have a clerk of low salary handle a check as it does a clerk of high salary. If the high salaried clerk received twice as much money, because of the responsibility connected with his position, as the low salaried clerk, then every time he handled a check it would cost, in salary, twice as much as the low priced clerk. This makes necessary the introduction of a variable scale making allowances for variations in salaries. Before this is explained, however, another variable must be considered.

All checks do not receive the same attention, from the physical standpoint, in their course through a bank. Some checks are handled infrequently, others are handled many times before they become finally dead and leave the bank. The check that requires many handlings costs more than a check that is handled infrequently. Therefore we must differentiate between kinds of checks and the route they take through a bank. We must draw a sort of check map showing the road that a check takes so that we may know how many times it is normally handled.

In different banks there will be different routes for checks and so no hard and fast system can be worked out to check this matter. All that can be done is suggestive of a method of sufficient flexibility so that it can be readily adapted to the various methods of different banks. The following chart will make it possible for any bank executive to chart the route of a check by making such changes in divisions as fit

	Ass't Paying Teller	Ass't Receiving Teller	Ass't Receiving Teller	Bookkeeper	Transit Clerk	Check Clerk	Clearing House Clerk	Signature Clerk	Other Spaces as Necessary	Counts per Item	Average Number of Actual Counts	Cost per Item
Debts												
Credits												
Notes												
Drafts												
Cash Items												
Clearings												
Regular Transits												
Special Transits												
Country Collection												
City Collection												
Space as Needed												
Total No. Counts												

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Chart to show the route of a check through departments

his peculiar case. The chart and its explanation are for the exposition of the cost theory and are offered for adaption not adoption.

On this chart we can make two kinds of records. The horizontal lines are for recording the various kinds of checks, drafts, etc., that form part of the items passing through a checking account. The vertical lines are used to designate the various clerks and officers that come into direct touch with any of the items in their route through the bank. The diagonal lines divide the square at the point of contact between any officer or clerk and any class of item so that two entries may be made in it. This division for two point entries is to allow for a differentiation in salary costs of handling.

In order to weight the record to make allowance for salary variation it becomes necessary to adopt a scale and a phrase to express the meaning of the differentiation. The writer uses the word "count" to explain the variation as between salaries and suggests the following scale as adaptable with slight

variations so as to establish a weighting between differing salaries.

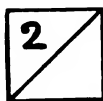
COUNT SCALE

Monthly Salary	Counts
\$25.00	1
25.01 to 50.00	2
50.01 to 75.00	3
75.01 to 100.00	4
100.01 to 125.00	5
125.01 to 150.00	6
150.01 to 175.00	7
175.01 to 200.00	8
Annual Salary	
\$2,400 to \$3,600	9
3,600 to 5,000	10
5,000 to 7,500	11
7,500 to 10,000	12

In use this scale would mean that every handling of any item by a clerk of a salary up to \$25 per month would figure in our system as one count. A handling by a clerk drawing \$112.50 a month would be classified as five counts (see scale).

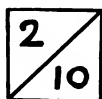
Now to go back to our chart we should take as an example a check on an account in the bank itself, called own checks or debits. Having headed

our vertical column with the officers or clerks connected with the customers' checking accounts it becomes only a matter of little effort to develop a map showing the departments through which the check passes until it is cancelled and returned to the customer. Record should be made of the number of times any clerk or officer handles the check. This record of actual normal physical handlings should be entered in the upper diagonal space. The method of making this recording would be as follows, if the person in question normally handled the check twice.



The next step is to determine the average salary in the divisions of employees handling the items. The horizontal line is left for this purpose.

If the transaction we have just considered focuses on a square under a column where the average salary is \$120 we decide this transaction represents five counts, as per our count scale. We will then fill out our square so that it will look as follows.



This means that two handlings by this clerk have been weighted as ten counts.

The next process in this method is to add the number of counts charged as a normal against each type of item, and enter the total counts in the column headed counts per item. This process takes care of each time a check is physically handled and weights that handling according to salary. It is possible to go so far as to weight for mere extension of unchanged balances by allowing sufficient columns.

The next step is to make a physical count of the actual checks that go through a bank and establish either an actual or closely estimated volume, in number, for each type of check or item

under analysis. This is not so difficult as at first it may seem because a measure for counting lists rapidly can be made by making a machine list from one cent to one dollar and using it like a foot rule to measure lists, etc.

Enter this average daily volume after each type of check, to the right of the number of counts of that check. Multiply counts by average number of items and get the average number of actual counts per day, entering each total of actual counts in the column headed average counts. Add this column and get the actual total average counts per day.

With the average daily number of counts figured it then becomes necessary to figure the average daily expense conducting the departments which have entered into the computation. Of course such items as salaries of officers or clerks directly employed for all their time in the work of departments should be charged up as an expense. Also all printing directly connected with these departments should be charged into this expense. The rent, light, heat, taxes, interest on money invested, if building is owned, can easily be prorated. One method may be to determine the number of square feet of floor space used by these departments and find what fraction of the total floor space this is and use this proportion as a basis of estimating the percentage of the overhead expenses to be charged against these departments. The interrelationship of officers, etc., is so varying in different banks, however, that no set rule can be laid down as to how they shall be subdivided. But all the miscellaneous expenses such as officers' salaries, directors' fees, advertising, telephone and telegraph, charity contributions, etc., must be equitably prorated so that the departments under analysis will bear their share.

The expense being found, after a reasonable division of the overhead, it should be reduced to a daily expense. This amount should be divided by the total counts from our chart, establishing the cost per count. Then going back to the lines used for the various kinds of items and multiplying the

number of counts for each item by the cost per count we can establish a handling cost for each kind of item which should be entered on the chart in the last column.

In some cases exchange costs, etc., can be included in the gross overhead charges and prorated as such. Others may prefer to figure exchange paid and exchange collected on each account. One or the other should be done.

Having now established a base cost for handling all the items appearing in the transactions of a checking account we are in a position to determine the profit or loss to the bank in the operation of that account.

First, by analysis of the deposit tickets or other records, the number of checks, drafts, etc., entering into the physical volume of the business of that account should be found out. Multiplying the number of each class by the cost per item of that class and adding these totals will give the cost of handling the account. Against this must be offset the earnings at the market rate of interest on the loanable portion of the average balance maintained by the account plus any interest or dividends received because of deposit of any part

that, while not loaned, is on deposit with a reserve bank that pays interest. The resultant difference will show the profit or loss in the handling of the account quite aside from any loans made to the depositor, which in reality are only such investments of funds as would be made anyway and have no economic profit or loss relationship to the deposit balance maintained.

The chart should be constructed at semi-annual periods and the salaries in the various departments should be averaged so as to be fair alike to bank and customer. The preparation of the chart is the complex part of the work and should be done under an auditor of some experience who can determine averages in salaries that are fair and establish a reasonable routing of the items through the bank. He should also give some careful study to the distribution of the overhead and general expenses.

For rough figuring the daily expense may be divided by the average total items and a rough cost per item, without class distinction made. This is, however, only a very rough method as it does not allow for multiple handling or adjust salaries.



America Must Enter the World's Markets

By HON. JAMES A. REED, United States Senator from Missouri

I VENTURE to make the prediction that the American protectionist will speedily undergo a change of heart. The time when we can talk about infant industries has passed. The infant of fifty years ago is the giant today standing astride the world. There is not in any country under the bending sky to be found such vast and invincible combinations of talent and of money and of energy and of labor as are possessed in the United States of America. Those who recently sought to build great fleets of vessels did it upon the theory that we were to extend our foreign trade; of gathering in other lands their dollars

and bringing them here to add to our wealth. They were right.

The day has come when America must enter the markets of the world; when she must send her flag into every port; when American-branded goods must be found on the counters of every civilized people and even among savage tribes. The day has come when America must cease the policy of isolation, so far as our trade and commerce are concerned. We must be prepared to compete with the world; we must be prepared and we are prepared to go into the markets of the world and meet foreign competition.

Relations Between a Bank and Its Employees

By Raleigh E. Ross

EVERY progressive bank is coming to realize that it should function, as nearly as possible, as a unit. The policies and distinctive atmosphere of the bank should be reflected in the attitude and actions of every person connected with it, from president to page boy. This is an ideal which is difficult of attainment but well worth striving for, from a profit standpoint as well as from the viewpoint of harmony.

Of course the atmosphere sought after is one which is stimulating, making the bank a place where customers will enjoy transacting business; a bank in which they take pride in bringing their friends. The secret is one of internal cooperation; that singleness of purpose which causes the entire staff to work together for one end, the profit to the bank and, indirectly, to themselves. In the proportion which a bank approaches the attainment of this end, long continued success is achieved. Passing prosperity can be obtained through merely the dealings of the directors and their friends. But the bank which is building for permanent success, inspires not only the directors to bring in business, but also every member of the staff; and through cheery, efficient service to hold it.

Before considering ways and means, let us consider the material the average bank has at its disposal.

The genus bank clerk is not a bad sort of a fellow; (the writer speaks from experience.) He is not a bolshevik. And often he is working in the bank because he likes it. He is quick to grasp opportunities to perfect himself in banking—such as American Institute of Banking study, and reading at home. But he is often a bit discouraged by small salary and lack of results in the way of promotion.

But surely he is good material to work upon. He is intelligent and am-

bitious. He meets successful men, clients of the bank, and looks forward to the day when he will also have a balance running into four figures. But sometimes he lacks staying power. Let's develop him.

There are numerous ways to promote internal cooperation now in use which cannot well be omitted from a discussion of this nature. As a basis of consideration, let us first list them:

- House organs.
- Fellowship clubs.
- Entertainments.
- Welfare departments.
- Educational assistance.
- Group meetings.
- Lunch rooms.
- Commissions.
- Suggestion prizes.
- Bonuses.
- Holiday remembrances.
- Profit sharing.

The bank house organ can be profitably issued by any bank from the smallest to the largest; witness *The Live Wireless* of the First National Bank of Northboro, Iowa, and *The Guaranty News* of The Guaranty Trust Company, New York City.

It may be purely a family affair and circulate only in the bank, or it may be of national interest and hop all over the country like Fred Ellsworth's *Hibernia Rabbit*.

Whichever be the case, it should not be too serious. Bank employees like to crack jokes on each other and often they are jokes which outsiders can also enjoy. A well-edited house organ is a great aid in cementing warm personal relations between employees—and between the employees and officers. And it is a good medium through which to tell the employees about their bank. Their ignorance about the procedure of departments, other than their own, is often startling—especially in the large

banks. But they are glad to get a bird's-eye view of the bank if it is not disclosed in a "preachy" way.

And did you ever notice how much easier it is for you to explain the thoughts and actions of your dearest friend, to a third party, than it is to explain similar thoughts and actions in a comparative stranger,—a man of whom you have seen only the business side, or the social side, or the religious side? So it is with the bank employee and his bank. If his bank is like an intimate friend he feels that he knows it thoroughly. He can talk about it warmly—enthusiastically. But if he knows only one department, questions about others from outsiders, meet with evasive answers. He does not want to disclose his ignorance. But it is there.

So the house organ should turn the searchlight on every part of the bank. And it should be alive with new ideas and inspiration. The pages of the bank publication are not the place for "marble-pillar dignity"—any more than is the lobby of the progressive bank. That is fast being transferred to the place where it belongs—mausoleums and antiquated libraries.

The house organ which circulates outside the bank fills a double mission. It helps the employee, and it is good publicity.

"You were asking about our commercial department," says the bank employee to his neighbor, whose checking account he has been trying to land. "Here is an article about it in our magazine written by our vice-president. It will tell you about it, perhaps better than I could."

And friend neighbor sticks the magazine in his pocket and reads that article while riding on the train—and probably reads more too. He is favorably impressed. And the employee has perhaps put in his hands the only kind of bank literature which this particular man would read from cover to cover. But we must not tarry on publicity.

Fellowship clubs are organized in many banks—especially the larger ones. They are valuable in cementing the employees closer together socially, and often they fill a serious purpose by fea-

turing an instructive talk by some officer or employee at each meeting.

Entertainments for bank employees are a degree lower in organization. We know of one bank, without a club, which gives an entertainment and dance every month, each winter, which takes place right in the bank. Employees look forward eagerly to these parties, and are always on hand with wife or sweetheart. These dances are worth much more to the bank than they cost in refreshments and, sometimes, professional entertainers.

Large banks have welfare departments which, in themselves, would make the subject for a long paper. But smaller banks can have them in principle. The officers can take a genuine interest in the employees and go out of their way to help them in their personal problems.

The cashier of a small bank down in Tennessee told me that his bank was a regular home where the workers were like one large family. When he went to a convention to make a speech, and he made good ones, too, he always read it to his fellow workers. And often he received valuable suggestions, which he used. Thus the employees felt that they had a real part in his success in far-away cities and he, in turn, was always ready to help them.

This is the welfare department in miniature.

Many banks not only encourage employees to improve their education, they help them pay for it.

Especially is this true when the employee evinces an interest in the American Institute of Banking. And banks send their employees hundreds of miles to attend the annual convention of this organization. It is worth the money, too, in the case of the serious minded employee. Again the writer speaks from personal experience.

A novel educational arrangement within the bank is the group meeting idea, where the employee learns about all departments by actual demonstration.

The staff is divided into groups lettered A, B, C, and so on; about ten or twelve to a group. Group A we will

assume on Wednesday evening is scheduled to study the commercial department. The program is arranged in advance. At a preliminary meeting the program is discussed and questions asked. An officer presides and refers questions to the men best able to answer them.

Suppose a man asks how a draft is sent to Poland. The question is referred to the member of the foreign department who is there.

After supper, the program begins.

President Jones of the Ajax Manufacturing Company, who in real life may be Carl Olson, the savings teller, approaches the cashier's desk with a Wall street swagger.

"I want to open an account," he explains, "and will probably need a line of credit of \$25,000."

The cashier invites him to a seat at his desk while the group members look on with interest.

Mr. Jones explains that he has anticipated the cashier's questions about his business and has come prepared. He produces his latest financial statement.

The cashier "phones" the credit man who immediately appears and is introduced to President Jones. He gravely goes over the statement. Then he analyzes it, audibly, for the benefit of the group. Mr. Jones is granted his line of credit, or told that the credit man will look over his plant on the morrow, or disposed of in the way which his apparent financial condition merits.

"Samuel Craig" follows with a deposit in which there is something the matter with every check; post-dated, torn, wrongly endorsed, wording disagreeing with the figures—examples of every kind which contribute to tellers' gray hair are there. And the patient teller courteously explains just why he cannot accept each one, to the "irate customer," and how the faults can be corrected. He also gets into difficulties on exchange charges, for they are drawn on every imaginable place.

So the program goes—much more interesting than a lecture. And all the members of the group learn something and, secretly, sometimes the officers get

an extra demonstration as to which employees are most wide awake.

Leaving the group meeting, which can be handled on a smaller scale, by even very small banks, we pass on to a daily forum which some banks have—the lunch room. A lunch room aids the employees to beat Mr. H. C. L., when wholesome meals are served cheaply; and it helps them to know each other better. Also, from the bank's point of view, it keeps many within reach of the telephone if needed quickly. Eating in the lunch room, however, should not be made compulsory. Good food, reasonable prices, and an attractive room, will make the majority *want* to eat there.

Some banks go even further and conduct cooperative buying of household supplies for employees. But, of course, this is practical only in the larger banks.

Now, we enter for a time, the domain of cold cash. After all, money talks. Nowadays, it fairly shouts to the bank clerk. He feels that he is fast being put in the class of the preacher and the school teacher. So when the bank "comes through" handsomely in a cash way, he is doubly appreciative.

Many banks give commissions on all new business brought in, with perhaps additional prizes for the leaders at the end of each quarter. This is profitable, both for the bank and the employee. Prizes for valuable suggestions are also profitable for both parties.

Holiday remembrances are perhaps the oldest form of extra compensation. They have their place, but there are better plans. Bonuses are in the same class, unless they are based on profits.

If they are, they fall under the head of profit sharing. Two Pittsburgh banks, to my knowledge, have well planned profit sharing systems. Every time the stockholders of the bank receive a dividend, the employees receive one in proportion. Thus each employee is a stockholder, though not of record. Is it any wonder that they take an unusual personal interest in the growth of the bank?

A unique plan, and a good one regardless of the size of the bank, is the

formation of a trust for the benefit of the employees. It is recorded in the court house as a common law trust. So far, only one bank uses this plan, I believe, but watch them multiply.

Each employee can contribute up to five per cent. of his salary and the bank will match his contribution. He can invest up to \$100 monthly, if he wishes, but the bank will only cover five per cent.

All stock when issued is class A, all dividends being paid in stock, except in case of death or other unusual circumstances.

When the employee leaves the bank inside of a year after joining the trust, he must sell his stock; when he leaves inside of five years, the trust has the option of buying it; after five years of service, he can sell or not as he chooses. If he elects to retain his stock, the bank, as trustee, must administer his accumulations without charge; just as it does for the employees. The object of course is to put a premium on long service.

If he sells his stock to an outsider, it becomes class B, and dividends are paid in cash. There is also an administrative charge in this event. Girl employees are given the book value of their stock and the earnings whenever they leave.

The employees elect a chairman and have regular meetings to consider investments. Any member can suggest one and, if it is approved by the majority, it goes to the board of directors of the bank for approval.

So the members of the trust are constantly on the alert for good investments. Also they are each building an estate of their own by easy payments; an estate that may some day make them independent. To show what the employees of this bank think of the

plan, they all came in for at least five per cent.

Some banks use some of these ways to promote loyalty and interest and could profitably use more of them. But the main thing, I think, is the attitude of the officers. Grouchy officers, grouchy staff—and vice versa.

I once went into a bank where a dour-faced lobby policeman turned away as many prospects annually, I'll wager, as a year's advertising campaign could bring in. And the cashier was the same sour, suspicious kind of "a bird."

Then, again, we've all entered banks where everyone seemed to be "up on their toes"; glad to see everyone and glad to do their best. We hazard a guess that these banks are growing rapidly and when we investigate, our guess always proves correct.

So it is up to the officers.

Officers, show a genuine interest in the employees. Make them understand that the gap between your desk and theirs can be quickly lessened by hard study. Be appreciative and frank. And set them a good example in handling customers. They watch you closer than you think.

Show them that you, as their friend, are anxious to see them succeed—and succeed they will. Convince them that the bank is interested in their welfare—and they will reciprocate.

There is no finer material under the stars and stripes to work with than the average bank clerk, and I've met thousands from Market street, 'Frisco to old Broadway. While the banks and business firms are on the crest wave of prosperity, let us help the bank clerk to come into his own. Cooperation in some of the ways indicated will do it; cooperation, encouragement, and friendliness. And the greatest of these is friendliness.



The Value of a Library Service to the Smaller Banking Institution

By Miss Alta B. Claflin

Librarian, Federal Reserve Bank, Cleveland, Ohio

FOR many years now, a highly specialized library has come to be considered a necessary adjunct to the working organization of many business and professional institutions. Especially has this been true with those whose successful operations depended to a large extent upon the compilation of accurate facts and figures which could be obtained only from books and current periodicals and documents.

Among banking institutions, however, except the very largest, a specialized financial library has apparently been looked upon rather as a more or less desirable luxury, than as a paying investment which should result in increased efficiency of the service rendered by the bank and its staff to the community in which it is located, and thus ultimately in financial returns which would more than make up for the original cost.

Of course, the value of such a library, just as any other department of a bank, depends upon its efficient organization and management. The first requisite is a carefully and wisely selected "librarian". The person chosen should be one of alert mind, quick to see possibilities of advantage to the institution which he serves. The position should be looked upon, in a way, as a permanent one, for each year's experience adds in increasing ratio to the value of the service rendered. It should not be used merely as a stepping-stone to higher office. For this reason it has sometimes seemed best to select a woman, as one less apt to be looking forward to a cashiership or presidency. The qualifications necessary to the position call for a salary in proportion.

The librarian should first of all be considered the ultimate custodian of

the great mass of printed matter which comes in every mail. The many and various official circulars and instructions coming from the treasury department, the state banking commissioner, and the Federal Reserve banks, should be properly indexed and filed, ready for instant reference at the call of any officer. Other pamphlets and circulars should be scanned and indexed for future reference, or discarded if of no possible use.

Another duty of the librarian is the reading or careful scanning of all the newspapers and periodicals subscribed for by the bank, thus saving much valuable time for the officers by bringing to their attention only the news items or periodical articles in which they would be particularly interested. The newspapers should be clipped, and after being read by the persons interested, the clippings can be filed away in subject folders for future reference. A mimeographed news sheet to be circulated daily or weekly among the staff is a very desirable library service, if the librarian has sufficient time and assistance to compile it.

All periodicals which come to the bank should be received first by the librarian. He should keep a check-list, to see that all are received regularly, should scan and index under subject the articles of special value, and then send the periodicals on to the persons who expect to see them regularly, or to those who may wish to receive material relating to special subjects. When not in use, they should be kept on file for six months or a year, and the librarian should see to their binding, if they are worth preserving after the current year.

The size and content of the book collection of the library depends entirely on the needs and policy of the bank which it serves. All that is desired may

be merely the indispensable bankers' reference books, and, in addition, such general reference works as an unabridged dictionary, an encyclopedia, an atlas, a postal guide, etc., etc. To go further in its development brings up the question of bank policy; first, in regard to responsibility for the professional education and training of the employees; and, second, in a realization of the value of the library in connection with new business getting, by making use of its facilities for the benefit of present or prospective customers.

If the bank officials come to the conclusion that it is financially profitable to have employees better educated and more efficient in their own lines of work, then the library can begin to provide itself with good books on general banking, credit, finance, foreign exchange, investments, general office practice, accounting, stenography, business English, etc. A good deal of discrimination must be exercised in the selection of these books. In almost every subject it will be found that there are many from which to choose. Books should be bought as far as possible on approval, or after consulting good reviews, or by obtaining the personal opinion of someone who is an authority on that particular subject. A book should *never* be bought from its title alone. Neither should one depend too greatly on publishers' or dealers' lists. One or two really

good works on any subject are all that are needed, and money must not be thrown away on second-rate material.

There is almost no limit to what may be accomplished by the library and the librarian in increasing the "good-will" of the bank's customers. This may be brought about indirectly by close attention on the part of the librarian to the needs of the various departments in their dealings with their customers, by furnishing statistics, news items relating to credits and investments, reports on business and market conditions and prospects, or personal items in regard to individual customers.

Directly, the customer may be made to feel that the facilities of the library are at his disposal, that the librarian is ready to provide from the material at hand any information he may desire, whether in regard to investments, crop conditions, exporting methods, factory welfare, rural betterment—or will endeavor to obtain the information from any other source available. In this connection, it will be found that almost any public library—city, county or state—or any of the larger financial libraries, will be more than ready to assist in obtaining information, or giving advice as to methods or procedure.

There has been much written of late concerning the bank as a center of community service. The establishment of an efficient bank library is a long step toward the realization of this ideal.



AS soon as a stranger is introduced into any company, one of the first questions which all wish to have answered, is: How does that man get his living? And with reason; every man is a consumer and ought to be a producer. He fails to make his place good in the world unless he not only pays his debts, but also adds something to the common wealth.

Emerson.

The Bank Credit Investigator*

By Russell F. Prudden

(This is the fifth of a series of articles by Mr. Prudden covering this important subject).

THE analysis of financial statements was the subject of last month's article and the value of agency reports and systematic credit filing has also been discussed. With a knowledge of the fundamentals of these important elements of credit department work well in mind it is essential for the credit investigator to prepare himself for the responsibilities which devolve upon him in making the outside investigation which covers the interviewing of commercial paper brokers, banks and trade houses. The ability to call upon bankers and business men and in a short interview obtain from them satisfactory information and often valuable opinions requires a certain amount of tact as well as study and experience. It is, therefore, necessary that the investigator not only be acquainted with the rudiments of credit investigating but that he also obtain certain agency report information before going out to make interviews. Too often in the past, due to pressure of current business and lack of time for the proper training of beginners, men have been sent out for information, only to return without the desired data; incidentally, they may have made a poor impression upon the person interviewed. It is essential, therefore, that an investigator be trained for his work, if he is to become successful and to maintain the dignity of his institution.

The result of an investigation depends largely upon the viewpoint of the investigator. He must not have a preconceived opinion of the name under consideration and go out to seek interviews with the idea of confirming his own impression. On the other hand, an investigator should not go forth barehanded, so to speak, without any idea of what he wishes to learn. By proxy, he is the bank credit manager, and as such should have firmly in mind just what he considers important points

to touch upon. Some investigators instead of being listeners and paying attention to what is being said, talk a great deal or look upon their duties lightly, and as a result go back to their banks with garbled reports. Other investigators, and fortunately there are few of them, are rumor mongers and seem to delight in carrying tales. Such men can not hope to be successful as one of the cardinal principles of good investigating is to treat credit data and opinions as sacred. Information of this character is given in confidence and as a basis for forming an opinion, and the investigator who passes the remarks of one credit man to another is entirely unworthy of trust. An investigator should always endeavor to be pleasant and cheerful and should not take offense at a slight rebuff. Investigating, like all other vocations, is work and one can not always expect to be received with open arms and obtain proper data without some effort and difficulty. The thoroughness with which an investigator does his task and turns over to his superior the results of this work is a measure of his own ability.

THE DEVELOPMENT OF NOTE BROKERAGE

As a most common type of investigation is that covering what is known as a commercial paper name it may be of interest to learn briefly as to how this method of borrowing came into use. Prior to 1870, our present form of promissory notes, or so-called single name paper, was little known and banks seldom made advances without one or more endorsements. In trade circles, also, the open account method of doing business was but little used and purchasers gave notes to the sellers, which in turn were endorsed when discounted at the banks. The use of so much endorsed paper led to accommodation endorsements, or in other words, when a

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merchant or manufacturer had no more trade notes available for discount he would exchange his own note for that of a friend, and these notes upon endorsement would become available for discount. Under this system the use of accommodation paper became very prevalent, renewals were frequent and heavy losses often occurred. As the weakness of this system of borrowing soon became evident and with greater competition at hand and the desirability of shorter terms, the present day open account method of selling goods was developed. Accordingly, liberal discounts for cash or early payment were offered and in order to take advantage of such terms, the better class of concerns began to borrow from banks on their unsecured single name paper. This usage developed very rapidly and was found in general favor at least forty years ago. Borrowers sometimes learned, however, that their local banks could not supply them with sufficient funds at certain seasons of the year, yet on the other hand, banks in other parts of the country often had excess funds which were not needed locally. Note brokerage, therefore, came into favor at about this time. Under this system, note brokers act as intermediaries between banks and borrowers, or in other words, the brokers place banks having idle surplus funds in touch with business men of other communities, who need additional funds for short periods.

The development of note brokerage has been very marked and the amount of paper outstanding through several of the prominent brokers was well in excess of one billion dollars at a certain time last year. There are now twenty-five or more representative note brokerage houses in the United States and some of them have numerous branches and connections. Every facility for the purchase of desirable notes is therefore offered to banks in every locality, and the business of checking and selecting these notes has become of great importance. Originally certain banks did not look with particular favor upon commercial paper as an investment and preferred to place their excess funds in short term bonds or "on call" at the

Stock Exchange. Since the panic of 1907 and the closing of the Exchange in 1914, however, there appears to be no question but what the purchase of prime commercial paper names in moderate amounts of various maturities, and on a well diversified basis, is most desirable, and that such notes constitute a most liquid banking asset. In this connection some figures appearing in a report recently compiled and issued by the National Credit Office of New York are of interest. According to this report, 3,676 concerns, each with a capital in excess of \$250,000, sold notes in the open market between January 1, 1920 and July 1, 1921; and, these concerns were the most widely known traders and manufacturers in the United States in every industry. During the period in question, only eight-nine concerns or 2.4 per cent. of the 3,676 selling their paper in the open market were forced to ask indulgence from their banks, and from information recently obtained, at least sixty per cent. of these concerns will ultimately pay in full. It can thus be seen that during a period of marked stress in the business and financial world, losses from investments in commercial paper have been slight.

As a result of the widespread use of commercial paper it became very desirable for banks to be informed as to the status of the numerous borrowers, and especially so for the larger city banks which both buy and check commercial paper for their country correspondents as well as themselves. The growth of bank credit departments has, therefore, been enormous, during the last twenty or twenty-five years, and in fact a well developed credit department has become well nigh essential to the successful operation of a city bank. Likewise the smaller country banks find the gathering of credit data, possibly in a less intensive manner, most desirable. Prior to the development of credit departments most bank loans were made on the basis of personal knowledge of the borrowers, but this soon gave way to the rendering of signed, and very often audited, statements, especially to the city banks.

There are various methods by which

commercial paper brokers handle their business but in any case the broker acts for a commission which is usually one-quarter per cent. flat. Formerly paper was assigned to a broker who assumed no risk and returned whatever remained unsold. Nowadays, however, most brokers usually make an immediate advance of eighty or ninety per cent. against a block of paper and remit the balance, minus commission, at a later date. Also in some cases the paper is discounted outright at the prevailing rate much the same as if the notes were being discounted at a bank. As it is necessary for brokers to hold the paper until sold to some bank they are very careful to make a thorough investigation before purchasing any notes. Not only are their own finances at stake but every broker has his reputation to consider and therefore wishes to handle only good names. Although commercial paper brokers do not assume any responsibility for the payment of notes they are nevertheless responsible for the genuineness of the signature, and must be in a position to furnish inquiring banks with detailed credit information regarding their names.

There are several advantages in using the services of a broker, a most important one being that the borrower's credit standing and name become known to many banks throughout the country. Also, while a concern may have many banking connections its borrowings from this source are limited to a certain percentage of such banks' capital and surplus, and in the case of a rapidly growing concern additional banking connections might be quite often necessitated. When banks set a certain line of accommodation they usually require the borrower to maintain approximately twenty per cent. balances at all times, and it is also customary to require the customer to "clean up" or liquidate his indebtedness for several months during the year. This is, of course, sound practice as banks are not in the business of furnishing permanent capital but rather to assist their clients in obtaining additional funds to cover the seasonal demands of their businesses. By using the services of a broker the

borrower obtains a broad market for his notes at practically all times, and as rates of interest vary in different sections of the country he can sometimes obtain a lower rate than that charged by local banks.

On the other hand, there are certain disadvantages in borrowing through the open market. A concern using the services of a broker is subject to constant inquiry and as detailed investigations are now quite general, and unfortunately sometimes made whether a concern is borrowing at the time or not, a certain lack of confidence or attitude of suspicion may sometimes be aroused, especially in trade circles. Also, a commercial paper borrower must practically make public all details in connection with his business and the privacy of relations between banker and client is no longer apparent. By using the additional credit facilities thus placed at the borrower's disposal when employing a broker, a certain tendency toward over-expansion may be created and should the line of credit be withdrawn later, failure might result. As an illustration of this point, it is sometimes difficult for a broker to distribute any paper where an approximate current ratio of two for one is not in evidence. Should a borrowing concern, therefore, due to unfavorable conditions find that its latest statement did not reflect the desired ratio, the broker would very probably decline to take further paper, which action might place the borrower in a somewhat embarrassing position. For this reason, except in cases where it is necessary to buy a great deal of material in a short period, it is always essential for a borrower to have sufficient bank lines open to care for outstanding commercial paper loans. Protection against money stringency resulting in an unsatisfactory open market is thus obtainable.

Commercial paper is a particularly attractive form of investment for banks as it can be considered an excellent secondary reserve. Due to the nature of a bank's business it is not only necessary to have a certain cash reserve available but also a line of investments that can be easily converted into cash.

Memorandum of Purchased Paper						
Name <u>W. M. Mooney & Co.</u>				Address <u>Paterson, N. J.</u>		
	Date	Amount	Due	Rate	Purchased from	Remarks
	8/19/21	10,000 00	12/19/21	7%	E. J. & Co.	Returned-checkings unfavorable
	8/25/21	5,000 00	11/25/21	7%	"	Purchased upon request for 1st Natl. Bk., Doerville, N.J.

Seasonal demands on a bank such as crop moving often require all available funds during several weeks or months of the year, and the payment of Christmas Club funds is also sometimes a

ticularly attractive. Short term bonds are sometimes purchased by banks but these are always subject to change in price and at times, due to adverse market conditions, must be sold at a sacri-

PURCHASED PAPER-CUSTOMER'S							
G. H. Perkins & Co. - Wholesale Grocers				New York City, N. Y.			
DATE	AMOUNT	DUE	RATE	Purchased from	NAME	ENDORSE	REMARKS
9/2/21	15,000 00	12/2/21	6 1/2%	W. S. & Co.	First National Bank - Buffalo	Perkins & Edwards	Their request

drain on a bank's cash resources for a few days. To meet these needs commercial paper of various short maturities can be purchased. As this type of investment can also be rediscounted at the Federal Reserve Banks it is par-

fice. Commercial paper, conversely, has stability, is paid at par, and there is no obligation to renew as is sometimes expedient in the case of a direct loan to a customer. The notes may be purchased in practically any denomination desired.

Form 100														
G. H. Perkins & Company														
<div style="display: flex; justify-content: space-between;"> <div> G. H. Perkins W. A. Edwards </div> <div> } End. </div> <div> New York City, N. Y. Wholesale Grocers </div> <div> } Broker Wood, Smith & Co. </div> </div>														
Payable at <u>Eighth National Bank</u>														
Date of Purchase	Amount	Maturity	Rate	Date of Inquiry	Out. Date	HIGH THIS YEAR			LOW		Out. Percent	Held by N. B. C.	Initials	REMARKS
						Mo.	Am.	Mo.	Am.					
9/2/21	15 M	12/2/21	6 1/2%	8/26/21	50 M	Feb.	95 M	Jul.	---	M	40 M	M	MSR	For 1st-Buffalo
9/21/21	5	11/21/21	"	"	"	"	"	"	"	"	5	"	"	For Ourselves

Various Forms used to Record Purchasing of Commercial Paper

from \$2,500 to \$100,000, and attractive rates are often obtainable. Brokers usually grant a ten-day option during which time the name can be investigated by the bank, and if checkings are unfavorable, the banker has the privilege of returning the note. The discount pertaining to the time for which the note is held is of course taken by the bank in question.

When purchasing commercial paper there are certain fundamental principles which must be considered very carefully by the bank credit man.

1. The broker must be a thoroughly able one having a record for strength, fairness and reliability.

2. He must furnish an authenticated statement of the borrower's affairs and preferably one which has been audited.

3. The usual credit principles of character, capacity and capital must be applied. The personal contact which a banker has with his customer is lacking and for that reason greater reliance must be placed on analysis.

4. Purchases of commercial paper must be diversified both as to lines of business and location, and desirable rates and maturities must be sought.

5. It is well to restrict purchases to staple lines and those selling on short terms, rather than luxuries, and lines where terms are long.

6. Paper of well established and conservatively managed concerns showing satisfactory progress from year to year is better than that of unseasoned new enterprises.

7. Bank and trade references should be satisfactory and in this connection opinions of outside banking concerns having knowledge of the name are desirable.

There are other precautions and safeguards which might be mentioned but the principal ones have been set forth and require no particular explanation as to application.

INTERVIEWING THE COMMERCIAL PAPER BROKER

Assuming that a bank credit investigation is about to be made and that the concern under consideration uses the

open market, the broker offering the paper would be the first party interviewed. Should the name on which an inquiry is received be unfamiliar and the broker unknown, either one of the prominent service companies specializing in commercial paper reports would be able to furnish the broker's name. The investigator of course asks the broker for the latest statement or statements, which are furnished without hesitation, and very presumably having notes to dispose of at the time, also freely furnishes the investigator with much other information concerning the company's affairs, with very little questioning. As a guide to the type of information usually received from the broker, the following questions have been prepared. The investigator must use discretion in interviewing a broker as well as anyone else, however, or otherwise he will become known as the "questionnaire" type, be very much disliked and receive but little information. It is no doubt quite evident to all that a prime risk, with the certificate of a recognized firm of accountants on the statement does not call for as close questioning as in the case of a concern whose standing is not so well established, reputation not as good, and whose statement is unaudited. The investigator who adheres to a prepared set of questions regardless of what is being told him at the time is not likely to obtain the best results.

The following are some suggested questions or points which should ordinarily be covered by the broker during the interview:

1. What were the sales for the year?
2. What were net profits?
3. What dividends were paid or declared? Cash or stock?
4. Were there any withdrawals or changes in capitalization?
5. Endorsements and value?
6. How much insurance carried—what does it cover?
7. Any contingent liabilities—form and amount?
8. What taxes were paid during the year?
9. Has an ample reserve for taxes been set up?

10. How was merchandise valued—cost or market?

11. Amounts of reserves against accounts, merchandise and fixed assets?

12. Opinion of management? Any changes during the year?

13. Any mortgage debt, when due, and a lien against what assets?

14. Does mortgage cover all assets including quick?

15. Nature of investment item?

16. How are affiliated or subsidiary concerns financed?

17. Any inter-company relations—full details?

18. Is extensive plant expansion contemplated?

19. Are any other brokers offering the paper?

Investigators should also ask the broker the high and low points of borrowings during current and past year, as well as present borrowings and amount owed on statement date. This information in connection with data received from the company's bankers is of considerable value in determining whether the concern is making proper use of its credit facilities or leaning on its banks and brokers too heavily and continuously for current funds.

Brokers are often willing to tell the investigator when they made their last checking and furnish the names of trade houses selling the concern, as well as the names of all banks carrying the account. Any items on the statement which are not self-explanatory or have a doubtful meaning are frequently explained. Sometimes, however, the broker is not furnished with full operating details, et cetera, by the borrower and hence is unable to pass them on to the investigator. In other cases a broker may be allowed only to give out a statement and details to actual purchasers of the paper, but such instances are infrequent.

Should any of the borrower's banks or trade references be located out-of-town the investigator upon returning to the bank should address letters to them asking for a confidential expression of opinion as to how the account had been handled. As most banks have certain

form letters which are used for such purposes it will hardly be necessary to go into detail or set forth any examples. Suffice to say, such letters should not be sent out promiscuously but only when the bank is actually contemplating purchasing the paper or has sufficient inquiries to warrant having the information. When writing to out-of-town banks, some credit men prefer to address but possibly half of their letters to banks having the account, and to forward others to non-account banks in the same city. It is also at times advisable to get the opinion of one or two banks which are believed to have purchased the note or had experience with the name under consideration. As mentioned before, however, letters to such banks should be limited, for otherwise similar investigations may be undertaken by a number of banks having the same inquiry. This of course leads to considerable needless duplication of effort and is sometimes prejudicial to the concern whose affairs are under inquiry. Many banks when making several inquiries are now incorporating in their letters a paragraph such as the following: "Information already at hand will be sufficient for our purpose, as we are making inquiries in other directions." In other cases, however, where inquiries are not addressed to several banks in one city, only one bank being written, it is often proper to ask for such information as that bank may have or can readily obtain.

INTERVIEWING THE BANKER

After having interviewed the broker in the case of a commercial broker name, the next source of information is the bank having the account. Many concerns of course do not use a broker and in such instances the call upon the bank is the most important part of the investigation. In fact, information given out by banks is sometimes the only available and reliable supply open to the investigator. As explained in a previous article, investigations are mainly made by banks for their own use and secondarily for their customers and correspondents. Because of this latter serv-

ice which is freely offered, the average bank credit department receives inquiries regarding all kinds of individuals and business houses and consequently at times seems to be a general bureau of information.

If it were known at just what bank the concern inquired about kept its account the matter of obtaining information would be simple, but such is unfortunately not always the case. Some credit men favor the plan of calling directly upon the subject of the inquiry and asking for information, such as bank and trade references. This, however, is not always a good policy especially where the matter is a confidential one, and the investigator is often obliged to spend considerable time endeavoring to locate some banker who is acquainted with or does business with the concern. When once located the bank is usually willing to give quite complete data about the customer as well as its experience in handling the account. Such information is, of course, submitted with the idea that it will be used with discretion. The bank may also know of other banks having the account and may be willing to mention trade references. If the investigator is tactful, courteous and has common sense he will be able to get considerable information or at least some valuable clues which will lead him to the right source.

When the investigator is revising the folder on one of his bank's own customers he will as a rule, from previous checkings, learn the names of the other banks carrying the account. When making a call upon a bank official or bank credit man in such case the investigator will of course mention that he is making a revision. Banks having the same account usually give out very complete data to each other, as each is anxious to learn how the account is being handled with the other banks. In other words all banks should be treated in practically the same manner by their customers. It would not be quite fair, for one bank, for example, to receive an endorsement on the concern's note unless the other banks having the account were to have the same security.

When a name is being looked up for solicitation purposes for the benefit of the bank's new business department, it is seldom considered advisable or ethical to call upon the bank having the account, unless the facts in the case are mentioned. The investigator who follows the practice of getting close information from a bank for such a purpose, under the guise of having an inquiry, is usually short-lived, and any bank that requires or allows its investigators to follow such a practice is subject to serious criticism. If sufficient reliable information can not be obtained from other sources the bank had better not solicit the account.

In this connection the story is told of a certain investigator who called on a bank credit man for information regarding a concern, and when asked how the name came up, told the credit man that his bank had received a letter of inquiry. Information was given to the investigator and a memorandum of the call made in the folder. About a month later when revising this name the credit man learned that the concern had just opened a new account with the bank which had recently obtained credit information from him. Nothing was said about the matter however until sometime later when the same investigator again called at the bank for information about another concern. The credit man thereupon took the opportunity of informing the investigator that he was familiar with the circumstances and that he would in the future give the investigator no information unless very thoroughly satisfied as to the purpose for which it was to be used.

Before beginning an investigation of any kind or calling on banks, the investigator should supply himself with all available data bearing upon the subject. If he has not read the agency reports or does not know whether there is a broker, he is not in a position to talk intelligently with the banker and consequently is quite liable to make a poor impression. In some instances, however, as stated before, the name may be an unusual one of an obscure nature and the bank having the account is possibly the only available source of in-

formation. By explaining these facts and by stating for what purpose the call is made the investigator will usually receive courteous treatment and all help possible.

As mentioned previously some information given out by banks is of a very confidential nature, and it is hardly necessary to state that the honest investigator will not betray the confidence and will only use the data as an aid in enabling him to form an opinion of the risk.

Many investigators or credit men, especially in the larger cities, get into the habit of using the telephone to a great extent when making inquiries. Where the distance between banks is great, or the investigator is acquainted with the banker from whom seeking information, this practice is permissible. However, the privilege is often abused and in most cases credit men will not give out any unfavorable information over the telephone. As the receipt of this particular data might constitute a most important factor in passing on the credit risk under consideration, it is quite evident that personal calls should be made wherever possible and especially if there is any suspicion or inkling that conditions are not the most favorable.

As the general purposes and conditions necessitating a call upon a bank have been discussed, let us now briefly take into consideration the general type of questions to be asked by the investigator. In this connection it should be remembered that a banker, is not under any particular obligation, as a rule, to answer questions and can not consistently be questioned to any great extent. A great deal depends upon the type of the man being interviewed and the way in which he is approached. In some cases all information is given out by a vice-president or by the cashier, and in other cases especially in the larger banks, by young men who are ex-investigators and whose particular duty is to answer inquiries both verbal and written. Some bank officials are very busy and unable to go into full detail while others are inclined to give complete information without any questioning, and in turn ex-

pect to learn something from the investigator as to how the account is being handled at his bank or how the name shapes up generally. It is quite apparent, therefore, that no set of questions would be suitable for every case. The investigator must use good judgment and decide what is best, be as quick as possible and not outwear his welcome. The practice of using a note book during an interview, especially in an attempt to take down the speaker verbatim, is not of course conducive to results or a favorable reception. Bankers like to be quoted correctly, but on the other hand, are naturally liable to become somewhat reticent when they see that their confidential opinions are being taken down word for word. Also by following this system, unless the investigator is particularly adept or writes shorthand, he is liable to get behind in his notes, become confused and ask questions which have already been answered or implied by a look or gesture.

The following general questions cover the desired information:

1. How long have you had the account?

In case the account had been recently opened the bank's experience would be limited and worth less than had the account been one of long standing. Also, an old account is usually a good one or otherwise it would have been closed out.

2. What "Line" is extended?

Bankers often establish a certain "line" of credit which they agree to extend to a customer while in good standing. Aside from certain restrictions mentioned below, this merely means that the customer can discount his note up to the set amount, the proceeds of which will be credited to his account. A line may also cover the discounting of certain amounts of the concern's "receivables", or in the matter of exporting and importing, the discounting or accepting of drafts, with or without documentary bills attached.

3. How much is owing at the present time?

It is advisable for the investigator to

obtain not only present borrowings and those on statement date but also the high amount of credit extended during the year. Some concerns have a set line at a bank but rarely take advantage of it, preferring to use a broker and hold bank lines for emergency purposes.

4. Does the concern "clean up?"

When a line of credit is extended it is usually with the understanding that the concern will be off the bank's books for at least one to three months in the year. A bank is not in the business of investing permanent capital in any concern and bank borrowings should be based on periodic or seasonal demands for additional current needs. By obtaining bank advances but periodically or by "cleaning up" for several months, it is quite good proof that the borrower is not solely dependent on the bank. During periods of business depression, however, it is sometimes impossible for a concern to treat its bank in the proper manner either as to borrowings or balances, and when making an analysis and investigation, therefore, general business conditions must be thoroughly understood and duly considered.

5. Are commensurate balances maintained?

Most bankers, especially those in the larger cities, make an effort to have their customers maintain balances averaging about twenty per cent. of the line which has been granted. Not only are banking profits rather limited and small in comparison with those of other lines of business, but a bank's loaning capacity is to a certain extent based upon its deposits. It is, therefore, only proper that the customer maintain fair balances. Some banks which are very anxious to obtain new business waive this requirement but nearly all conservative and reliable bankers insist as far as possible upon the twenty per cent. proportion. When bank balances are consistently low it is usually good evidence that the cash position of the concern is more or less impaired. Proportionate balances to the line of credit granted should be carried at all times

and not merely during periods of borrowing.

6. Is the paper endorsed?

If so it is well to learn by whom and the approximate value added by the endorsement. Some business men have interests in more than one company and endorse in several directions, and in such cases the value of the endorsement is minimized. It is also well to inquire as to whether borrowings are secured in any way by collateral such as Liberty bonds, stocks and bonds or warehouse receipts. In other words, if one bank is receiving additional security of any kind all banks having the account should at least be entitled to know about it. As mentioned in a previous article, some concerns borrow against "receivables" and in such cases a contingent liability is created. There is no particular objection to this kind of borrowing and the banks are of course receiving double name paper instead of single name. Where a concern obtains a line of accommodation on its straight paper, however, and such line is based on its net quick asset position which of course includes all receivables, it is generally felt that it should not also be discounting its receivables at the same time. This is especially true where the borrower is also using the facilities of the open market.

7. Opinion of the management or personnel?

The investigator should endeavor to learn whether the bank has faith in the management and how the various individuals are regarded. Some concerns are of the "one man" type and in some cases the financial risk may be excellent yet the personnel regarded as tricky, very shrewd or contentious. The management of any business should be experienced and have ability, and in this connection it is well to learn something of the history of the concern. Is it a seasoned and well established business or one of the mushroom type which sprang up so readily during the war? Also it is well to ascertain whether the industry as a whole has been successful and is a stable one, whether competition is on a broad basis or highly de-

structive, and whether legislation is liable to have an adverse effect.

8. Does the concern use your foreign department facilities?

The element of credit also enters into foreign exchange transactions which may be classified under three headings, namely—Documentary Bills, Letters of Credit and Bank Acceptances.

In the first case, where an American concern exports merchandise (for which an export credit has not been opened by the buyer), the general practice is for the seller to draw a draft upon the buyer abroad, attach the shipping documents and discount the draft at the bank which forwards it for collection. This draft is known as a Documentary Bill and the documents usually consist of Bills of Lading, Invoice, Packing List and Insurance Certificate. They give complete description of the goods as well as carry complete title or ownership, the shipper having released his claim by endorsing the Bill of Lading. They also afford fairly complete protection against loss from damage or theft, as evidenced by the Insurance Certificate issued by the company assuming these risks. The discounting of Documentary Bills is considered a secured transaction, but may assume significant importance in case the drafts are not paid by the drawee. Unpaid drafts are charged back to the American customer whose cash position may thus be severely impaired by having a large portion of his funds tied up in merchandise in foreign ports.

A simple form of Letter of Credit transaction is that of a bank issuing a credit to enable its customer to import merchandise. Funds are thus made available to the foreign exporter by permitting him to draw a draft on the issuing bank in the United States, which after paying the draft becomes the owner of the goods covered by the attached documents. The bank may release the goods to the customer against payment of the amount of the draft, or the documents may be delivered against a Trust Receipt. The credit risk in Trust Receipt transactions is analogous to that of a loan on single name paper,

and consequently should be checked with care.

The use of Acceptance Credits or Bank Acceptances may be applied to either domestic or foreign transactions and consists of an arrangement whereby the customer draws drafts on the bank which accepts them. The accepted drafts or so-called "Bills" are then sold in the discount market, the customer receiving his cash from the purchaser of the bill and the bank merely lending its name and not advancing any capital. An accepting bank must of course pay the acceptance at maturity if the customer is unable to do so, and should therefore not enter into such an arrangement without first being satisfied with the responsibility of the drawer. Statutory provisions require that documents of title to goods be attached to the drafts when presented for acceptance. These are the bank's security but it may release them to the customer on Trust Receipt, in which case the risk is similar to the Letter of Credit Trust Receipt transaction,—or hold them until the customer reimburses it for the use of its credit. In the event of default, the bank may sell the goods to liquidate the acceptance.

9. Date of last checking or revision?

Bank credit men are often willing to give the investigator the benefit of some of the information they received when last revising their folder on the name. Some will go so far as to mention opinions expressed at that time by out-of-town trade houses and banks, but this is done only where the banks are on very friendly terms and where such opinions were not given in confidence.

10. General opinion?

Some bank credit men who give out information regarding one of their own accounts have the habit of answering, "We think well of them" instead of voicing a more definite opinion based upon the facts in the case. Where the investigator is known or the inquiring bank well thought of, however, most bankers will give an honest opinion and make a plain statement of all facts or else tell the investigator where he can get close information. Some will dis-

cuss the concern's statement in detail, et cetera, while others will give only the most meager details, possibly not answering any of the questions suggested. A great deal depends upon the manner of approach as well as the policy of the bank from which information is being sought. Should a concern's banks speak unfavorably of the risk it would not be essential for the credit investigator to seek many other interviews unless, by chance, other information was of a decidedly favorable nature and there seemed to be some marked differences of opinion as to the concern's standing.

Other questions might be asked of a bank when making a particularly difficult or special investigation but the foregoing are ample for ordinary needs, especially for the beginner.

When making an interview the investigator should be wide awake, so to

speak, and quick to grasp the significance of a few words. A good investigator must also be a good listener and the ability to insert a tactful question here and there and to discuss intelligently the case can hardly result in other than a cordial and beneficial interview.

As suggested before, letters of inquiry should be sent to some of the out-of-town banks having the account. Some concerns maintain banking connections with twenty or more institutions and where it is a mutual account, it is desirable to have the opinions of all, analyzing them as a whole and giving especial attention to any figures concerning borrowings, both past and present.

A discussion of trade interviews and trade terms as well as the necessity of summarizing all information will be given in the next article.



Talks About Ourselves

By W. R. Morehouse

Cashier Guaranty Trust and Savings Bank, Los Angeles

PRIOR to the world war probably not more than two per cent. of our population owned bonds. Doubtless this condition was due to a belief among a majority of people that bonds were intended for the rich, and not the common people.

With the declaration of war came a new demand upon the citizens of this country. Its savers were called upon to divert their savings from the customary bank account, to the purchase of war bonds. That these bonds were not at first popular with the public was strikingly demonstrated through the failure of the First Liberty Loan as a popular public subscription. Yet no one questioned the patriotism of the American people. No doubt but this lack of interest, if this is a good term to use, was due in a very large degree

to the fact that the public had never before been called upon to purchase a security of which they knew practically nothing.

Immediate action was imperative. A campaign of intensive education was begun at once. Millions of dollars were spent in educating the American people to the bond idea. Whole page advertisements were the rule and not the exception. Every legitimate means was employed to give wide publicity to this new type of investment. The results were most gratifying.

Awakened to the advantage and desirability of bonds as an investment, it was only natural that upon the close of the war millions of war bond buyers should become customers for municipal and utility bonds. The demand for this type of investment grew and grew, un-

[illegible]

Mr. Morehouse's "One Minute Talks" in the daily newspapers are creating a wider and better understanding of the mysteries of banking by the general public

til, in order to meet the requirements of their patrons, banks opened bond departments. These departments prospered, requiring new quarters and additional clerks.

If it took less than four years to educate millions of our people to the desirability of bonds, it ought not to take a decade of intensive education to convert these who do not now have banking connections to the bank account idea.

EXTRAVAGANCE NOT THE REASON

In this country there are millions of people who do not enter a bank except to cash checks or obtain change. Of a population of over one hundred million people, not over twenty-five per cent. have bank accounts. If all duplications of accounts were taken into our calculations, this percentage would be much less.

While extravagant habits may preclude a few people from owning accounts, still there are millions of cases where a failure to practice strict economy is not the principal reason. In view of the fact that an account may be opened with as little as \$1.00, why is it that more people do not have ac-

counts? Surely it isn't because they haven't the necessary \$1.00 to make the start.

As I will try to show, our banks have it within their power to correct this condition to a large degree, but they will have to proceed along quite a different line from just admonishing people to save more and spend less. What then is the need of the hour? As I see it, our banks have a lot of educational work to do.

If for the next few years they will centralize their efforts on becoming better acquainted with the public and seeing that the public becomes better acquainted with them, I believe that good results in the way of new accounts will follow. To bring this about, they must take the initiative, and launch out on a campaign of telling the people in simple words why banks are organized, how they can help the people, and what the people must do in order to benefit thereby. This means that they must about-face on the stand they have taken that it isn't the best plan to talk about themselves.

I venture to say that there are millions of people in this country who are not bank depositors for no other reason

than the fact that they know so little of the truth about our banks. Many of these same people feel that the person with a small sum is not welcome, and in those exceptional cases where small bank accounts are received, they are simply tolerated as an expense and a nuisance, and not desired. I dare say that literally thousands of people have a sense of dread come over them when called upon to apply to a bank for a loan. This is due to the false impression which many people have, that in order to secure a loan at a bank the applicant must go through a terrible ordeal of begging and supplication.

It is to correct these warped and twisted impressions of our banks that gives importance to an educational campaign at this time.

As it is essential to the success of any general campaign of education that the people be reached regularly and effectively, our attention automatically turns to a consideration of only such mediums of communication as have wide and continuous circulation. Of these mediums, the public press is by far the most effective. Therefore, if the newspaper is the medium we are to use, the next question is what is necessary in order that we may arrest the public's attention and interest them in our campaign.

My suggestion is, that our banks prepare and publish from time to time in our leading dailies series of short talks on the subject of "Banks and Banking." Having this thought in mind, I recently wrote such a series for the *Los Angeles Evening Express*. It consisted of thirty-five talks covering over fifty subjects. Specimens of these talks are reprinted herein as samples of the series.

TALKS ON BANKING

By W. R. MOREHOUSE, Cashier
Guaranty Trust and Savings Bank

(This is the fourth of a series of "One Minute Talks on Banking," which will run daily in the Evening Express for the next month.)

Every bank in the United States is

under either Federal or state control, or both, thus affording the bank depositor ample protection for his funds. It is no overstatement to say that banks are probably the most closely supervised and best managed institutions in the country.

Even before a bank receives its charter authorizing it to transact business with the public it must first comply with certain rigid governmental requirements. From the day it opens its doors to the public strict laws dictate how its business shall be conducted. Periodically a government representative known as a bank examiner takes charge of the bank temporarily for the purpose of auditing its business and determining whether or not it is being operated along safe lines. As a matter of fact many common business practices and policies usually decided by the heads of other kinds of business institutions are not optional at all with the management of banks, but are strictly prescribed and enforced by law.

THE BANK EXAMINER

A bank examiner is empowered by law to inspect all banks under his jurisdiction and to see that they are managed along well regulated and conservative lines. He calls on a bank unannounced and often when least expected, his schedule being known only to himself and the banking department to which he is attached.

Since his reputation as a competent and conscientious examiner is constantly at stake he lets nothing affecting the solidity of a bank escape his attention. He audits all cash on hand, also the bank's accounts. He inspects every note and the security behind it, even going so far as to carefully analyze the borrower's financial statement or to appraise certain properties held under mortgages.

With adequate laws and competent examiners ever on the alert it is apparent to even a casual observer that the money on deposit in our American banks is amply safeguarded.

(This is the twelfth of a series of "One Minute Talks on Banking," which will run daily in the Evening Express during the month of June.)

CHECKS

By common consent and practice, as well as by law, a properly indorsed and paid bank check constitutes a legal receipt for money paid. The one thing more than anything else that makes it a legal receipt is the indorsement. If incorrectly indorsed, or if the indorsement is unauthorized or a forgery, the check does not operate as a legal receipt. Furthermore, a bank lays itself open to loss in paying a check improperly indorsed. It is for that reason that banks are unable to pay checks if the indorsements are not proper in every way.

DON'T HOLD CHECKS—EITHER CASH OR DEPOSIT THEM

The person who keeps checks in his possession for more than a reasonable time, believing that they are equivalent to actual money, is assuming a risk of losing the amount involved. As all checks are paid in order of presentation at the paying bank, and not according to the order in which the drawer issued them, they should be presented for payment at as early a date as possible. May I suggest that you follow the only safe course, and either deposit or cash all checks within twenty-four hours from the time they come into your possession. If it will inconvenience you to call at your bank, I recommend that you mail all such checks in for credit to your account. Under no circumstance allow yourself to get into the habit of holding checks beyond a reasonable time, for as sure as you do you will meet with a loss some day. There are cases of record where persons holding checks for three years did so at their peril, losing the amount involved. By holding checks beyond a reasonable time you automatically relieve the indorsers, and, in some circumstances, the drawer, from all liability.

And from a purely business stand-

point, one should cash or deposit at once all checks received, in order to keep one's funds readily and quickly available.

(This is the thirteenth of a series of "One Minute Talks on Banking," which will run daily in the Evening Express during the month of June.)

CHECKS PAYABLE TO BEARER

Legally checks payable "to bearer" need no indorsement, title and ownership thereto passing by delivery. Although banks in paying such checks usually ask to have them indorsed by the person presenting them in order to create evidence as to whom the money was paid, it is not necessary. According to law, banks are not required to demand identification of persons presenting checks payable to bearer. Where a bearer check has been cashed by a person not entitled to the funds represented thereby recovery is well nigh impossible. In accepting a bearer check from a holder other than the drawer secure the holder's indorsement if possible. Should payment of the check be refused you can then call upon the indorser to make the check good to you.

NOTATION ON CHECKS

The importance of a written notation on a check is often overestimated. The paying bank may, and usually does, disregard such notations. As a memorandum, notations indicating the purpose for which the payment is being made, serve a good purpose, but not in all cases do they mean that an obligation has been fully discharged. Nor does the fact that the payee cashed a check bearing a notation necessarily mean that in doing so he relinquishes all claims to a further payment before the obligation is met in full.

As a hypothetical case we will say that you buy a diamond ring for \$500, paying \$200 cash, the balance to be paid in thirty days. Before the thirty days elapse you become convinced that the ring is worth only \$400. However, without raising the question of price adjustment with him, you send the mer-

chant your check for \$200, on the face of which you have written this notation, "In full for diamond ring." The merchant cashes the check and sends you a statement showing a balance due of \$100. In cases of this kind the courts have held that the notation does not release you from paying the remaining due on the ring. But had you first disputed the merchant's claim, stating that you did not intend to pay \$300 more, and had later sent him your check for \$200 with the same notation written on its face, he would then have released you from further payment by cashing it. In order to make notations binding it takes more than the mere placing of them on the face of a check, and the subsequent cashing of the check by the payee. Much depends upon whether or not the sum in question is in dispute.

(This is the fifteenth of a series of "One Minute Talks on Banking" which will run daily in the Evening Express during the month of June.)

ISSUING POST-DATED CHECKS

A practice which very frequently leads to trouble is that of issuing post-dated or later-dated checks with the expectation of meeting them before they are presented at the bank for payment. In many cases the depositor finds himself unable financially to meet these outstanding checks on the due date, much to his own embarrassment and often to the inconvenience of those to whom they are payable.

WHY PROTEST NONPAYMENT OF CHECKS

If payment of a check is refused and the holder wishes to sue thereon, the check should be protested in order to establish the fact that it had been properly presented and payment refused. A check should be protested by a notary public, for which the fee is small. However, it is not necessary to protest a check drawn and payable in the same state, but as a business courtesy the drawer and all indorsers should be notified of nonpayment.

WHO GETS THE PROTEST FEE?

It is a general practice among banks to protest all "foreign checks" of more than \$10 if they are not paid upon presentation. By the term "foreign checks" is meant checks payable in another state from the one in which they are offered for collection, deposited or cashed.

Although the fee for this service is small, some depositors raise objections to the charge, which is due to a lack of understanding as to what the protest service means. When a bank orders a check protested it serves the best interests of the owner thereof, for by having the check protested every precaution is taken to fix the responsibility of each indorser. It establishes a legal claim on behalf of its depositor against all indorsers of the check. Protest fees are not paid to the bank, but to a duly commissioned notary public, as provided by law. It is only reasonable for the bank to expect to be reimbursed for these fees, inasmuch as the benefits go entirely to the depositor.

(This is the twenty-first of a series of "One Minute Talks on Banking," which will run daily in the Evening Express during the month of June.)

AN OVERDRAFT IS REALLY A LOAN

In reality an overdraft is a loan, unsecured. A bank can bring suit to collect it the same as upon a note, except that the interest at the legal rate is collectable only from the day the depositor is notified to pay the overdraft, and not from the day it was created.

Overdrafts are not looked upon with favor by the courts, and for this reason are not generally allowed by banks, but because of certain extenuating circumstances or through error or oversight, an overdraft may be granted.

Any depositor anticipating the need for funds in excess of his balance, should arrange for the funds in advance, either by borrowing from his bank on his note, or by arranging for a line of credit.

It is considered most unbusinesslike and damaging to one's credit to draw

against insufficient funds, with trouble surely ahead for those who habitually pursue this course. In some states laws have been enacted making it a misdemeanor punishable by a heavy penalty to draw against an insufficient balance.

HOW ERRORS ARE ADJUSTED

If, through an oversight on the bank's part, a check is returned, notwithstanding there were sufficient funds on deposit to pay it, the depositor should get in touch with one of the bank's officers immediately. In every case where a mistake has been made, the bank is desirous of taking the matter up directly with the holder of the check, adjusting the transaction to the entire satisfaction of all concerned. This can be done so that the depositor's credit will not have been impaired in the least.

MISTAKES MADE IN TRYING TO AVOID ATTACHMENTS

In order to avoid attachment of funds, or to disguise the true ownership of an account, fictitious names are sometimes used, while in other instances, the correct names are used but in connection with some title, such as agent or trustee.

For any person to assume a fictitious name or use a title when no agency or trusteeship exists, is to engage in a practice which may lead to serious trouble later on. As a matter of fact, accounts bearing titles which are fictitious are not exempt from attachments, nor do they serve to disguise the true owner of the account.

* * *

So popular with the public did the series prove to be, that before it had half run its course, demands for the same subject matter in booklet form, poured in from all directions, and when on one occasion one of the talks was inadvertently left out of the *Express*, inquiries came in thick and fast, asking for the missing number. As a climax, the writer received a voluntary letter of commendation from the financial editor of the *Los Angeles Express*, stating that the series had proved to be the most popular that had ever been run in the financial department of that great western daily. The import of a statement of this kind is emphasized when it is known that the *Express* has been published as a leading daily for over fifty years.

The fact that the people of Los Angeles unanimously and eagerly received these talks, gives ample assurance to any bank that if it will follow similar methods the results will very likely be equally large.

The facts are, many of our banks have been led to believe that they ought not to talk about themselves in their advertisements, but should talk about how to build ships, how to grow cotton, how to market lumber, and many other similar subjects. There is some doubt in my mind if we have not gone too far afield in this regard. At least the citizens of Los Angeles have proved beyond a doubt, by the spontaneous welcome which they gave my series of talks on banking, that they are hungry for information along banking lines. If they crave information of this kind, the probabilities are, that the same conditions prevail in every American city.



Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



WHEN this bank was organized in 1810 there were only three banks in New York.

Through the wars and panics of over a century it has always stood as a Gibraltar of finance.

Today it possesses not only the wealth of past experience but the spirit of modern progress and service.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Head Office: 20 Nassau Street

**Capital, Surplus and Profits
\$27,000,000**

**Deposits, June 30, 1921
\$196,000,000**

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Cashier Held Liable for Negligent Transactions Resulting in Loss

Dennis v. First State Bank of Elkhorn City,
Court of Appeals of Kentucky, 231
S. W. Rep. 538.

A BANK cashier should not take undue risks in making loans and otherwise dealing with the bank's funds. If a loss is sustained by the bank, as a result of such a transaction, and it appears that the cashier has been negligent, he may be compelled to meet the loss out of his own pocket.

In this case a cashier was sued by his bank for the sum of \$700. In the petition filed by the bank, it was alleged that the cashier had allowed one of the bank's depositors to overdraw his account to the amount of \$300; that he discounted a \$300 note for the same depositor, knowing that the depositor and the sureties on the note were insolvent; that the depositor was a non-resident of the state and owned no property within the state which could be reached by execution; that, in another instance, he neglected to protest at maturity a note for \$100, thereby releasing the indorsers; and that the bank had adopted a resolution, which was in force at the time of this transaction, under which the cashier was to be held responsible for all loans and discounts not authorized by the board. It was held that the cashier had been negligent and was, therefore, liable for the entire \$700 lost through the transactions referred to, irrespective of whether he had authority to make the loans or not. "If he had such authority," said the court, "it was unmistakable negligence to contract such debts for the bank."

OPINION

Appeal from Circuit Court, Pike County.

Action by the First State Bank of Elkhorn City against Percy V. Dennis. Judgment for plaintiff, and defendant appeals. Affirmed.

Picklesimer & Steele, of Pikeville, for appellant.

J. E. Childers, of Pikeville, for appellee.

TURNER, C. This is an action by the plaintiff bank against the defendant Dennis, its former cashier.

The original petition alleged, that the defendant, while he was such cashier, permitted one Johnson to overdraw his account in said bank in the sum of \$300, and also accepted a note in the sum of \$300 from said Johnson, and that neither the note nor the overdraft had been paid by the said Johnson, or by any one for him, and that neither of them was collectible. It was alleged that at the time of these transactions it was against the rules of the bank, and against the contract of employment of defendant as such cashier, to permit overdrafts, and that it was agreed that, should he as such cashier permit overdrafts, he was to be personally liable to the bank for the full amount of the same. And it was further alleged that, under the contract of employment of defendant as cashier, and under the law and custom in force at the time, the defendant had no right or authority to loan money on a note unless the loan was approved by its board of directors. And it was, in substance, alleged that the defendant, in violation of his contract of employment, and of the law and custom in force at the time, permitted Johnson by the overdraft and by discounting his \$300 note, to become indebted to the bank in the sum of \$600, neither of which sums has ever been collected or can be collected.

It was further alleged that during the defendant's incumbency as cashier he negligently failed to cause to be protested a note for \$100 executed by one Bowling, and indorsed by certain other

parties, and that because of such negligent failure to protest payment could not be enforced against the indorsers, and the note was not collectible as against Bowling.

An answer seems to have been filed to the original petition, but was lost, and there is an agreement of record traversing its allegations.

Subsequently, however, an amended petition was filed, wherein it was alleged that the man Johnson, whom the defendant permitted to overdraw his account, was at the time both insolvent and a nonresident of this state, and had no property in this state subject to execution, and that these facts were either known to the defendant or could have been known to him by the exercise of ordinary diligence. It was further alleged that the overdrafts and notes, executed by Johnson and discounted by the bank, are not now collectible, and never were at any time collectible by the bank, and that the principal and sureties in the note were at all times insolvent, and that this fact was known to the defendant, or could have been found out by him by the exercise of diligence. It was further alleged in the amendment that during the period defendant was cashier of the bank there was in force a resolution adopted by the bank, the existence of which was known to the defendant, whereby the cashier was to be held responsible for all loans and discounts not authorized or directed by the board of directors, and that neither of the loans to Johnson was so authorized or directed by the board of directors, or any of them.

The allegations of this amendment, so far as the record discloses, were undenied.

The action was originally brought in equity and was prepared and tried out as an equitable action without objection. After the taking of all the evidence, the cause was submitted, and the court entered a judgment against the defendant for \$700, being the amount of the \$300 Johnson note discounted by the cashier, the \$300 note accepted by the cashier to cover the overdraft, and the \$100 Bowling note which the defendant failed to have protested.

It is apparent that under the state of the pleadings there could have been no other judgment as to the two Johnson transactions, for the allegations of the amendment, which are undenied, are that the defendant, knowing Johnson to be insolvent, and knowing him to be a nonresident, and knowing that he had no property in this state subject to execution, and knowing that the sureties or indorsers on his said note were each insolvent, was negligent in contracting such an obligation for the bank; and under those undenied allegations it is immaterial whether he had authority to make such loans or not. For, if he had such authority, it was unmistakable negligence to contract such debts for the bank.

As to the failure to have the Bowling \$100 note protested, it is sufficient to say that the defendant in his evidence practically admits his negligence in that respect and avows his willingness to be held responsible for that amount.

Notwithstanding the state of the pleadings, the case was tried out on its merits, and it may not be improper to say that we have fully examined the evidence and approve of judgment of the chancellor.

The judgment is affirmed.



Bank's Liability for Stolen Victory Bond

Pennington v. Farmers & Merchants Bank,
Supreme Court of Tennessee, 231
S. W. Rep. 545.

This decision involves a question as to the liability of a bank, receiving a negotiable bond from one of its patrons for safe keeping, where the bank's vault is blown open by burglars and the bond is stolen.

It appeared that the plaintiff's father had made her a present of a check for \$1,000. The president of the defendant bank suggested that she invest this money in a United States Victory bond, which suggestion the plaintiff followed, making the purchase through the bank. The president offered to take the bond for safe keeping

and it was accordingly placed in a tin box, belonging to the plaintiff's father, which was kept in the bank's vault.

The vault is described as an old one, built of brick and having an iron or steel door, but no steel lining. In it were a number of safety deposit boxes and two safes. One of the safes was burglar proof and in this the bank kept its money and securities and also securities belonging to other patrons of the bank. In the vault were also kept a number of tin boxes, similar to the one in which the plaintiff's bond was deposited, belonging to other customers of the bank. There was no room in the burglar proof safe for these tin boxes but there was plenty of room for the plaintiff's bond and the securities kept in the other tin boxes.

The vault was blown open at night by burglars and among the securities stolen was the plaintiff's bond. The safety deposit boxes and the safes were left undisturbed by the burglars. Only the valuable contents of the tin boxes were taken.

At the trial of the action brought by the plaintiff against the bank, to recover the value of her bond, the judge directed the jury to render a verdict in favor of the bank on the theory that the bank had been guilty of no negligence in the premises. On appeal this was reversed and the case sent back for a new trial, the appellate Court holding that, under the circumstances, the plaintiff was entitled to have the jury decide whether or not the bank had exercised due care in protecting the bond.

OPINION

Appeal from Circuit Court, Maury County; W. B. Turner, Judge.

Action by Minnie Pennington against the Farmers & Merchants Bank. Judgment for defendant, and plaintiff appealed to the Court of Civil Appeals, which transferred the case. Reversed and remanded.

Sam Holding, of Columbia, and L. H. Hammond, of Mt. Pleasant, for appellant.

Percy S. Chandler, of Mt. Pleasant,

and Hughes, Hatcher & Hughes, of Columbia, for appellee.

GREEN, J. Plaintiff brought this suit to recover from defendant the value of a \$1,000 Victory bond which belonged to her and had been lodged in the bank's vault for safe-keeping. The bank was robbed, its vault being blown open by burglars, and plaintiff's bond, along with other valuable papers, taken.

The circuit judge directed a verdict in favor of the defendant, and the plaintiff appealed in error to the Court of Civil Appeals. That court transferred the case to this court, conceiving that the constitutionality of an act of the Legislature was involved.

The form of charter provided by our statutes for banks and trust companies, under which statutes defendant is incorporated, contains among other things, the following:

"It shall have the right to construct a vault on its real estate, or to rent any vault already constructed or to be constructed, which, in the judgment of the directors, will provide reasonable means of safety against loss by theft, fire, or other cause, in which vault may be fixed or placed safes, boxes, or receptacles for the keeping of jewelry, diamonds, gold, bank notes, bonds, notes, and other valuables, which boxes, safes, or receptacles may be rented by the corporation to other persons or corporations, on such terms as may be agreed by the parties.

"In no event shall the corporation be liable for any loss of said jewelry, diamonds, gold, bank notes, bonds, notes, or other valuables thus lost by theft, robbery, fire, or other cause, the said corporation not being the insurer of the safety of said property, nor in any manner liable therefor. The corporation is not required to take any note or property thus deposited, as the person who rents a safe, box, or receptacle, is, for the term of his lease, the owner thereof."

Sections 2101, 2102, Thompson's Shannon's Code.

The circuit judge was of opinion that these sections were applicable to this case, and that under the provisions of

section 2102 defendant could not be held liable for the loss of said bond, kept as hereafter described.

We cannot agree with the learned trial judge in this conclusion.

We think such sections cover a case where a particular box or space in its vaults is rented or leased by the bank. This is made clear by the provision that the person renting the box or receptacle is, for the term of his lease, the owner thereof. A rental contract is clearly contemplated. The customer selects his space, fills it as he pleases, and takes his chances under the statute.

We have no such a case before us. Plaintiff's father had a tin box which the bank had presented to him. He kept his valuable papers in this box. The bank undertook to care for the box without charge. Mr. Pennington had rented no space or receptacle in the bank's vault, and the bank was free to keep his box where it thought proper. The plaintiff's bond was placed in this box belonging to her father so intrusted to the bank.

We think this bailment was undertaken by the bank under the authority of another provision of its charter, namely, the following:

"It shall have power to take and receive on deposit, specially as bailee, any jewelry, plate, money, specie, securities, valuable papers, or other valuables of any kind, and, upon a consideration to be agreed upon by the parties, to guarantee the safe preservation and redelivery of the same; also the power to guarantee the payment of bonds and mortgages owned by other persons, or to guarantee titles to real estate for a consideration to be agreed on by the parties." Section 2099, Thompson's Shannon's Code.

Section 2100, 2101, of Thompson's Shannon's Code, relied on by defendant, are attacked as unconstitutional; it being asserted that such legislation is arbitrary and unreasonable and discriminatory in favor of banks. We do not think this legislation is applicable to the case before us, and therefore have no occasion to pass on the constitutionality of the enactment.

Nevertheless, as the constitutional question was fairly raised on the record, we retain jurisdiction of the case and will dispose of the other questions.

Plaintiff's proof tends to show that she was the daughter of a substantial farmer, who kept an account with defendant bank. She herself had a savings account at this bank. Some months before the robbery her father determined to give her \$1,000. He so informed the president of the bank, and the latter drew a check to plaintiff's order, which the father signed and took to her.

The father testifies that the president of the bank asked him to have his daughter do business with that institution. The father said that he could not interfere, and told the bank president that he must speak to plaintiff about the matter himself. It appears from the father's testimony that he and the bank president had previously had some conversation about the rate of interest the bank was paying on savings deposits, which was only three per cent., and the father insisted that he should have four per cent. for his savings. The bank president would not yield, and the matter was arranged by the father buying Liberty bonds from the bank with his savings.

Plaintiff testifies that before she received the \$1,000 check from her father the bank president called her up and told her he understood she was to receive this present and asked her if she would not buy a bond from him. She says that after some negotiation over the telephone she agreed to buy the bond and the bank president said he would take care of it for her. She states that when her father gave her the check she indorsed it and sent it back to the bank by her father, and that he paid \$995 to the bank for a Victory bond and brought her back \$5.

The father testified further that at the suggestion of the president of the bank the daughter's bond was put in his (the father's) box by the bank official himself, and the box carried back by the latter into the vault.

It appears from the testimony of plaintiff that, although she understood

the bond was to be placed in her father's box, she relied on the promise of the bank president to take care of her bond for her and his assurance that it would be safely kept. She was not familiar with the interior of the bank's premises.

Upon these facts we think the bank clearly became a bailee of the bond itself and not a mere bailee of the father's box. According to plaintiff's proof the president of the bank undertook to take care of the bond, and he himself selected the father's box as a receptacle for the bond.

The case, therefore, is entirely different from *Sawyer v. Old Lowell National Bank*, 230 Mass. 342, 119 N. E. 825, 1 A. L. R. 269, and that line of cases, holding that the acceptance of a box, chest, package, or envelope, does not charge the depository as a bailee of the contents of such receptacle. As appears from the note to the case just mentioned (1 A. L. R. 272), there is a conflict of authority as to the liability of a bank under such circumstances. We do not get this question in considering the propriety of the directed verdict below.

It is insisted for the plaintiff that the deposit of this bond with defendant bank, in view of the particular facts of this case, was a bailment for mutual benefit of the parties. The argument is quite forceful. Plaintiff's testimony, indeed, indicates that the promise of the bank's president to take care of the bond was part of the consideration for her purchase of this security from the bank.

We may concede, however, that the bailment was for the sole benefit of the plaintiff. Nevertheless, a mandatory is bound to use a degree of diligence and attention adequate to the performance of his undertaking. The degree of care required is essentially dependent upon the circumstances of each case. It is materially affected by the nature and value of the goods and their liability to loss or injury. That care and diligence which would be sufficient as to goods of small value or of slight temptation might be wholly unfit for goods of great value and very liable to loss and injury.

Jenkins v. Motlow, 33 Tenn. (1 Sneed) 248, 60 Am. Dec. 154; *Kirtland v. Montgomery*, 31 Tenn. (1 Swan) 452; *Colyar v. Taylor*, 41 Tenn. (1 Cold.) 373; *Mariner v. Smith*, 52 Tenn. (5 Heisk.) 203; *Cicalla v. Rossi*, 57 Tenn. (10 Heisk.) 67.

Ridenour v. Woodward, 132 Tenn. 620, 179 S. W. 148, 4 A. L. R. 1192, was a case of an alleged conversion by the bailee. The court held that not every parting of possession by the bailee of the thing intrusted to his care was a misappropriation, and suggested that the old cases went too far in this respect. It was repeated, however, that the care required of an accommodation bailee was "to be measured * * * with reference to the nature of the thing placed in his possession."

Plaintiff's bond was a coupon bond negotiable by delivery. She states that the president of the bank told her there was no necessity for registering the bond; that it would be safe at the bank. Plaintiff's proof tends to show that the bank was robbed at night; that there was no night policeman in the town of Mt. Pleasant, where the bank was located, and the bank had no burglar alarm nor night watchman, nor did it burn lights in its building at night. Mr. Pennington's tin box was placed in the vault along with other like boxes belonging to customers. The vault was an old one, built of brick, without steel lining. It had an iron or steel door. In the vault there were a nest of safety deposit boxes and two safes. Neither the safety deposit boxes nor the safes were disturbed by the burglars. Only the tin boxes were rifled. One of the safes was burglar proof. In this safe the bank kept its money and its own bonds and bonds belonging to relatives of some of its officers. There was not room in this safe to put tin boxes, but plenty of room to place plaintiff's bond and the bonds belonging to the bank's other patrons.

We think the evidence detailed and other proof appearing in the record entitled the plaintiff to have her case go to the jury. It should have been left to the jury to say, under all the cir-

cumstances, in view of the nature of plaintiff's property, whether the bank had exercised adequate care for the protection of said property.

We find no error in the rulings of the trial judge on evidence that are of consequence.

Usage and custom in a particular business reflect on the care exacted of a bailee. *Kelton v. Taylor*, 79 Tenn. (11 Lea) 264, 47 Am. Rep. 284; *Railway Co. v. Manchester Mills*, 88 Tenn. 653, 14 S. W. 314. We do not think it competent to prove, however, what one or two other banks may or may not have done toward safeguarding their valuables. Likewise we think the proof offered as to the business policy of the burglary insurance companies was incompetent. They are influenced by many reasons in determining what risks they will undertake. So, also, the advertisements of the defendant bank were irrelevant, as plaintiff relied wholly on personal assurances from the bank president when she placed her bond there.

Reverse and remand for a new trial.



Inactive Directors May be Held Liable for Unsafe Loans

Chicago Title and Trust Company v. Munday, Supreme Court of Illinois, 131 N. E. Rep. 103.

The fact that a bank director is not active in managing the affairs of the bank will not excuse him from personal liability for unsafe loans, made by other directors or officers without his knowledge. This was an action by the receiver of an insolvent trust company against the officers and directors of the company.

It appeared that under the by-laws of the bank, the board of directors consisted of fifteen members, five of whom constitute a quorum; that the affairs of the bank were conducted by the president and vice-president; that the president and vice-president dominated and controlled some of the directors, while other members of the board paid no at-

tention to the business of the bank and gave themselves no concern over its affairs, thus enabling the officers to make unsafe loans and otherwise misapply the funds of the bank. These operations on the part of the officers brought about the bank's insolvency. It was held that these facts, if they could be established by evidence, would show personal liability on the part of the directors, whether or not they were active members of the board.

OPINION

Appeal from Second Branch, Appellate Court, First District, on Appeal from Superior Court, Cook County; *Denis E. Sullivan*, Judge.

Bill by William C. Niblack, receiver of the La Salle Street Trust & Savings Bank, the Chicago Title & Trust Company being appointed as receiver on his death, against Charles B. Munday and others. Decree dismissing the bill was affirmed by the Appellate Court, which allowed certificate of importance, and plaintiff appeals. Reversed and remanded, with directions.

Hiram T. Gilbert, of Chicago, for appellant.

Moses, Rosenthal & Kennedy, C. Van Alen Smith and Delbert A. Clithero, all of Chicago (Walter Bachrach and Henry Jackson Darby, both of Chicago, of counsel), for appellees Bennett, Gunderson and Hock.

STONE, J.—On September 21, 1916, William C. Niblack, as receiver of the La Salle Street Trust and Savings Bank, filed a bill against appellees, as directors of said bank, seeking to recover moneys lost by the bank through their alleged negligent acts as such directors. An amended bill was filed April 12, 1918. Demurrers were filed by various defendants, which were by the decree of the superior court of Cook County sustained, and the amended bill was dismissed for want of equity. An appeal was prayed and allowed to the Appellate Court for the First District, which affirmed the decree of the superior court and allowed a certificate of importance, and the cause comes here by appeal.

During the pendency of the cause in

the Appellate Court William C. Niblack, receiver, died and the Chicago Title & Trust Company was appointed in his stead, and prosecutes this appeal.

As the amended bill was dismissed on demurrer, the only question involved in this record is whether or not it stated a cause of action.

As the history and affairs of this ill-starred venture have been stated in cases previously before this court, particularly in the case of *Golden v. Cervenka*, 278 Ill. 409, 116 N. E. 273, it is not necessary to set out such history as is contained in the bill in this case. The bill sets out the various steps in the organization of the La Salle Street National Bank of Chicago and of the La Salle Street Trust and Savings Bank and of the taking over by the latter of the assets and liabilities of the former. The original complainant was appointed received on June 10, 1914, for the La Salle Street Trust and Savings Bank by the Circuit Court of Cook County by reason of a bill filed at the instance of the auditor of public accounts, and the receiver was directed to wind up its business affairs and to collect and distribute its assets among the parties entitled thereto.

One of the objections of the appellees, under the demurrer filed, is that the receiver did not have authority, in the absence of express authority given him by the court, to institute the present proceedings. This contention is without merit. The order of the circuit court appointing the receiver authorized him to institute and prosecute, either in the name of the La Salle Street Trust and Savings Bank or in his own name as such receiver, any and all suits at law and in equity which he might deem necessary or advisable for the collection of the moneys due or to become due such bank or for the recovery of property belonging to it. There would seem to be no question but that this general authority was sufficient to authorize the receiver to bring the bill filed in this case.

The principal ground for recovery alleged in the bill in this instance is that by the by-laws of the bank its affairs were to be administered by a board of

fifteen directors, five of whom should constitute a quorum for the transaction of business; that the business was, in fact, conducted by defendants, William Lormier as its president and Charles B. Munday, as its vice-president aided by Charles G. Fox, Thomas McDonald, Charles E. Ward and L. L. Bacchus, the bill further charging that Fox, McDonald and Bacchus were dominated and wholly controlled by Lorimer and Munday. The bill also charges that defendants Bennett, Hoch, Magner, Gunderson, Hanecy, Hanney and Huttig, though directors of the bank, took no part in the management or supervision of the business, and made no investigation or inquiry whatsoever into the same, but carelessly and negligently permitted Lorimer and Munday, without any supervision whatever or attempted supervision or investigation or inquiry by the other members of the board of directors, to carry on the business of the bank and to fraudulently misapply the assets thereof and to cause great losses to the bank; that said last-named directors failed to exercise ordinary care in the management and supervision of the business affairs of the bank, and particularly in regard to the loans which Lorimer and Munday made to firms and corporations who were insolvent, and in regard to investments made by Lorimer and Munday in bonds and other securities of little or no value, as Lorimer and Munday well knew. The bill sets up various transactions showing losses of large sums of money which it avers were unsafe and imprudent, and were well known to Lorimer and Munday to be so, and further avers that the unsafe and imprudent character of these transactions was known to the other defendants, or would have been known to them had they exercised ordinary care and diligence in the performance of their duties as directors. It also charges that all of the directors knew, or by the exercise of ordinary care should have known, that Munday was fraudulently misapplying the money and property of the bank to his own use; that he was insolvent and unfit to be trusted with the management of the bank; that not-

withstanding the knowledge which the directors had of this matter or the means of knowledge which existed, they carelessly and negligently permitted him to have the management of the bank and to carelessly and fraudulently misapply its moneys. It is also charged that this bank, when instituted, was insolvent to the certain knowledge of all the directors.

There appears to be no question in the record as to the sufficiency of the charges of the bill against the defendants Lorimer and Munday, and the Appellate Court so found, but in affirming the decree of the superior Court the Appellate Court based its opinion on the insufficiency of the bill as regards those directors referred to as nonactive director defendants, who are named in the bill as Bennett, Gunderson, Magner, Hoch, Gardner, Hanecy, Hanney and Huttig. As the sufficiency of the bill as to such last-named directors appears to be the only question involved here, our attention will be directed to that feature of the case.

The issues under the bill, as we understand it, are whether or not an account may be had and taken of the moneys of the La Salle Street Trust and Savings Bank which have been lost, and the liabilities which have been incurred by the bank through the negligent, fraudulent and unlawful conduct of the defendants, and each of them, and whether the bill sufficiently charges liability, in law, on the part of such directors therefor. This would not include, as is thought, the recovery of the \$1,250,000 of capital and surplus of the trust and savings bank. That issue was disposed of by the case of *Golden v. Cervenka*, supra, where that relief was prayed, and where it was held by the court that the creditors were entitled thereto. As we understand the issues, the receiver is here seeking to recover the losses which the bank incurred by reason of the organization and carrying on of the business of the bank and the participation of the defendants therein, and, so far as the issues raised on the demurrer are concerned, the question is whether or not the bill states a good cause of action

against what are called the non-active directors. The Appellate Court took the view, and so held, that the amended bill, so far as the non-active director defendants were concerned, amounted to no more than a charge that they were negligent and inattentive to their duties as directors, in carelessly and negligently permitting Lorimer and Munday to misapply the funds of the bank without any supervision, investigation or inquiry on the part of the directors, including the "non-active" members of that board.

On examination of the bill we find in paragraph 41 the following statement:

"Each of said officers of said trust and savings bank was insolvent during the entire period during which he served as such officer and neither said William Lorimer nor said Charles B. Munday was a competent person to have control or management of the business of said trust and savings bank, nor to exercise the powers nor perform the duties of president or vice-president thereof, and each of them during said entire period was engaged in fraudulently misappropriating to his own use the moneys and other assets thereof, all of which facts were then well known to each of the other defendants to this your orator's bill."

Paragraph 42 charges that Bennett, Gunderson, Magner, Hoch, Gardner, Hanecy, Hanney and Huttig took no part in the management or supervision of the business, and made no investigation whatever concerning the matter of loans, at the same time well knowing that Lorimer and Munday were dishonest and incompetent, and that they were managing and conducting the business dishonestly and incompetently. After setting out various transactions which the bill alleges showed incompetence and want of good faith of Lorimer and Munday, we find in paragraph 58 these words:

"Because of the negligent, fraudulent and unlawful conduct of the defendants hereinbefore set forth, it became and was necessary that said trust and savings bank should be wound up

by means of said suit of the people of the state of Illinois, on the relation of James J. Brady, auditor of public accounts of the state of Illinois, against said La Salle Street Trust and Savings Bank and its stockholders."

—and further alleging that by reason of the necessity of winding up the business the assets of the bank were burdened with heavy costs, "all of which expenses have been and will have been occasioned by the negligent, fraudulent and unlawful conduct of the defendants hereinbefore set forth."

The rule with reference to determining the responsibility of a director for losses to his bank was laid down in *Wallach v. Billings*, 277 Ill. 218, 115 N. E. 382, L. R. A. 1918A, 1097, as follows:

"Where the directors of a corporation are guilty of a breach or neglect of duty and the proximate result of such breach or neglect of duty is a loss to the bank, there may be a recovery from such directors."

The responsibility of members of a board of directors of a bank is discussed in *Briggs v. Spaulding*, 141 U. S. 132, 11 Sup. Ct. 924, 35 L. Ed. 662, wherein it is said:

"Without reviewing the various decisions on the subject, we hold that directors must exercise ordinary care and prudence in the administration of the affairs of a bank, and that this includes something more than officiating as figureheads. They are entitled under the law to commit the banking business, as defined, to their duly authorized officers, but this does not absolve them from the duty of reasonable supervision, nor ought they to be permitted to be shielded from liability because of want of knowledge of wrongdoing, if that ignorance is the result of gross inattention."

The charges contained in the amended bill were that these defendants gave no supervision and made no inquiry whatever, notwithstanding they were directors of the bank and had knowledge of the incompetence and dishonesty of Lorimer (president) and Munday (vice-president) and their fraudulent misuse of the funds of the bank.

To say that such a charge in a bill is not sufficient to hold directors liable, if proven, would be to render indeed hazardous the deposit of money in banks. Were we to hold that directors of a bank are required only to exercise slight care, or that when elected as directors they may become what is characterized by the Appellate Court as "inactive" members of the board, who may give no attention whatever to the business of the bank, but be mere figureheads, few persons would be willing to deposit money with or take stock in such corporations. It is a matter of common knowledge that men of strong financial ability are asked to serve as directors of banks because of the feeling of security which the public will have from their connection with the corporation. That feeling of confidence arises out of the fact that the public, when depositing money in a savings bank, or when taking stock in the corporation and divesting themselves of control of their property, expect, and have a right to expect, that the men selected as directors of a bank to control the property will exercise ordinary care and prudence. When one takes a position as director of a bank he becomes trustee for the depositors as well as for the stockholders, and is bound to the observance of ordinary care and diligence, and is hence liable for injury resulting from the non-observance, where such non-observance is due to the negligence of such director. *Delano v. Case*, 121 Ill. 247, 12 N. E. 676, A Am. St. Rep. 81.

In *Wallach v. Billings*, supra, it is distinctly said that it is not the holding of the court that directors cannot be held for mere inaction where such inaction has been the proximate cause of loss. It was there held, however, that the bill did not charge that Billings, as a director of the bank in question, was guilty of any negligence which was the proximate cause of the loss alleged. As was said in *Warner v. Penoyer*, 91 Fed. 587, 33 C. C. A. 222, 44 L. R. A. 761, before a director can

be made responsible for losses which have occurred through the mismanagement or dishonesty of a cashier it must appear that such losses resulted as a consequence of the omission of some duty on his part. This well states the rule. Moreover, it cannot be said that an individual director is responsible for the negligent omissions of those who are his co-directors, unless he shall have actively or passively participated in such negligent omissions.

While in the case of *Wallach v. Billings*, supra, a distinction is drawn between the duties of local and non-resident members of a board of directors of a bank, there is nothing in this bill to indicate that the members of this board are non-residents, and we do not understand that the directors of a bank may be classified as "active" or "non-active" directors, in the absence of a showing that such directors are non-residents in the sense referred to in *Wallach v. Billings*. The by-laws of this bank provided that the management of the affairs of the bank should be placed in the hands of a board of fifteen directors. There was no pro-

vision for "non-active" directors, so-called, and no creditor or depositor of the bank had any notice that but a portion of the board should manage the affairs of the bank.

We are of opinion that the amended bill charged such negligence as, if proven, would afford a basis of liability on the part of the defendants. So far as the other points decided by the Appellate Court are concerned, there appear to be no objections raised to the holding of that court, and on examination we find none. None of the other matters urged as ground for demurrer were sustained by that court, and no exception is taken to its holding in that regard.

We are of the opinion that the amended bill states a good cause of action as to all the defendants. For error in holding otherwise the judgment of the Appellate Court and the decree of the superior court are reversed, and the cause remanded to the superior court, with directions to overrule the demurrer.

Reversed and remanded, with directions.



European Observations

II.

THE European economic situation has been subjected to such minute analysis by so many amateurs and experts that nothing remains to be said. This situation has been diagnosed as one of "nerves". If this diagnosis is correct, the best thing for the patient is the rest cure. Frazzled nerves are not restored to a normal state by continual irritation, nor is one who suffers from melancholy helped by introspection. Not long ago the Prince of Wales, speaking at a London Chamber of Commerce dinner, commended cheerfulness and common sense as appropriate remedies for present troubles. It is doubted if this prescription could be bettered. And in many quarters it is being applied with excellent results.

A great deal has been heard to the effect that pretty much of everything in Europe is either in a hopeless chaos or has broken down completely. But I find banks, shops, hotels and most of the ordinary activities of daily life functioning about as usual. The British railways are meeting the demand for travel with numerous swiftly running trains, and hardly have they escaped Government control when they begin to discuss lower rates. It is quite true that shipping is stagnant and manufacturing industries much depressed. But one of the "key" industries (coal) is fast regaining its former position in England, and this must react favorably on other dependent industries.

There has been too much talk, I

think, about the "inefficiency of labor." What we call "labor" put in some pretty hard licks during the war and for some time afterwards, and a reaction from this strenuous exertion ought to have been expected. But already in the United States we find a tendency toward recovery of the workman's efficiency, and the service one gets in various directions in Europe prompts the belief that somebody must be doing good work here also.

Nor is it difficult to understand the unusual demands of labor for shorter hours and more pay. That is a perfectly natural result of the conditions engendered by the war. It would have been better for everybody if it could have been realized sooner that these conditions and the apparent prosperity to which they gave rise were temporary and were extremely deceptive in their character. But why blame labor for not understanding this when great bankers and captains of industry and the entire commercial community went madly plunging ahead after the armistice as though the awful destruction of the Great War had ushered in a new era of perpetual and unheard of prosperity? This element of the world's population was the first to suffer and the first to take its lesson to heart; and labor is slowly coming to realize its true position.

THE REAL SHADOWS OVER EUROPE

The situation in several of the European countries, I am disposed to think, is far less gloomy than it is commonly pictured. But there are some ominous shadows. The first of these is Russia. To disorganization in government there is now added famine, perhaps appalling in extent, with cholera rapidly advancing in its footsteps. Lloyd George has recently stated that 35,000,000 persons in Russia are threatened with famine. This estimate has been declared an exaggeration. Recent reports place the average number of cholera cases at about 1,800 per day. Relief activities are under way, and it is hoped these may help in time to mitigate what threatens to be a disaster

hardly less widespread than the war itself.

Another troubling element in the situation is Germany. You hear on every side expressions of fear of Germany's coming industrial conquest of Europe. This fear is intense in England, and that country has recently sacrificed its devotion to free trade and passed the "safeguarding of industries" bill, which is a polite term for a potential protective tariff, aimed at Germany.

Then there is the shadow of governmental extravagance, which will probably not be cleared away without political overtures in some of the countries. The situation is a complicated one. People complain of large governmental expenditures, but when economies are applied they are apt to be resented. Take the housing situation in England. When the Government proposed a stoppage of further advances, a great outcry arose. And so it is almost universally. Economy is demanded, but put this demand into practice and it causes dissatisfaction. The fact is that the people of the world are all the time insisting that governments shall do more and more things, while at the same time demanding that public expenditures be reduced. They fail to see the inconsistency in these two demands. To make matters worse, budgets framed with the expectation that business would continue on a certain level are badly out of balance because business has fallen off to an extent that could hardly have been foreseen.

Another of these shadows is paper money. Its baleful effects are but little less than the Russian famine and pestilence—with this distinction: the destruction of famine and pestilence are seen, while the destruction wrought by paper money is concealed.

These shadows, in time, will doubtless pass away. And while I am disposed to take a hopeful and cheerful view of the European situation as a whole, had I not mentioned these things it would have shown a tendency to ignore facts merely because they were unpleasant.

E. H. Y.

THE HAGUE, August 22.

Courtesy In and Out of a Bank

By Alice Fox Timoney

AFTER reading some article on the value of courtesy, we usually settle ourselves back comfortably in our chairs and say "That's right—that's true. Now I hate grouches!—I'm always polite myself—give my seat to an older person an'—an'—all that—" The question is well disposed of and we turn the page.

Another person will peer nearsightedly at the same article and think a little. "Well, I don't have an opportunity to use any manners much. I work with men all day—and I tell you I'm getting pretty lax—but I'm going to watch my step——."

The rest of us who never read anything about courtesy associate it with "thank yous," "if you pleases," and pulling chairs out from tables when ladies are to be seated.

The true meaning of courtesy is so much broader, and contains such scope, that few of us really think of it and apply its meaning to ourselves in its true definition. Courtesy cannot be expressed in a single act; courtesy is a kindly attitude; it is a fundamental characteristic of a man or woman: it is a principle. Courtesy, like that almost indescribable something called "charm" and indeed the two are almost synonymous, exists in the hearts of people; perhaps one can also say "those who are truly courteous need nothing else." Those who are born with it, are the favored ones of this world; they get there. By getting there, I mean they find happiness—money or fame or honor mean but little unless they carry with them the fulfillment of the human longing for happiness and contentment. Those who are not so fortunate must cultivate it, and the first lesson to be mastered is self-control. Without self-control, courtesy is not possible.

When we feel like saying, "Oh, keep off my feet!" and instead say, "That's just all right—I know you didn't mean it," that is self-control and courtesy. And when we want to yell out "If you're coming—*come on*," but in-

stead call cheerily, "Don't you think we'd better be running along?" you have gained the first element of courtesy and begun your climb toward the goal of charm. This lesson, most of us learn when we are children, and it is easy, but the closer the contact you have with people the more difficult it is to retain your poise and self-composure. However, the old saying is true, "It is not so much what you say, but the way you say it."

The men and women whose business it is to deal directly with people, the teachers, the employers and employees, preachers and postmen, conductors and department store clerks, bank tellers and elevator starters, all those who meet and greet the public daily are called upon to use 100 per cent. courtesy.

How many times has a rude, uncouth conductor put you in an ill-humor by some uncalled for show of temper? How many times have you turned away from a clerk when on the verge of making a purchase because of the supercilious treatment you have received at her hands? Have you ever left the school room, cut to the quick, by a teacher who made a laughing stock of you to illustrate an over-developed sense of humor? Have you ever while looking for a position felt the disdainful eyes of a watching clerk climb your back? These things happen to us all more or less, spread apart in such respectable distances that we recover, but the ill bred public servants go on inflicting their disagreeable personalities on unoffensive passersby. Then there is the overbearing person who goes through life under the guise of having "a heart of gold." "Oh, poor John, that's just his way. His bark is worse than his bite. He is really all right when you know him." I've always thought that it is a very poor avenue through which to pass in order "to know" him.

* * *

It is surprising that men who hold positions of responsibility and who have

under their direct supervision hundreds of grown people, know so little of the wonders of courtesy in getting results, or apply so little psychology in a wise administration of their duties.

* * *

Several years ago, I witnessed a scene that somehow has stuck in my mind tenaciously. I was living in a city of the Middle West, a prosperous, bustling town, with streets newly paved and with buildings that fairly screamed of their achievement to elevators and granite fronts.

One day, I had occasion to visit one of the leading banks of that city. I was directed to the personnel department, of one of its largest divisions. The young lady I was calling on explained that she had no connection with the department, her desk having been only temporarily placed in this office while improvements were being made in her quarters.

It was a beautifully furnished room in keeping with the prosperous atmosphere of the town. There were three shiny, important looking desks in a row.

I sat at the center one and when the young lady I was interviewing was called out of the room, I continued to sit beside her desk. While waiting a young chap came in and addressed the occupant of desk number one—a thin, anemic, nervous individual. The boy said something in a rather low voice. The nervous person frowned, opened his mouth twice without speaking, and then finally said: "What! do you mean your whole department has to work to-night because one stenographer is away?" The boy offered mild, red-faced protests, while the man raved. After several particularly withering remarks from the nervous individual, the boy went out. He was humiliated, and no doubt in a rebellious state of mind, ready to pass along the ill-humor of one man. It seemed to me that if that boy were capable of heading a department he should have been trusted to decide how long his small force should work. If he were not

capable of filling the position he should not have been placed in charge.

Although I was somewhat uneasy, I continued to wait beside the center desk. I'm not sure whether it was an off-day at that place or the general policy, for I witnessed another scene. Another boy brought in some papers and attempted to ask a churlish man at the end desk some question. He began by holding out the papers and saying, "Mr. —, I didn't quite know —."

The man did not even glance up, but propped both his elbows up, cupped his face in his hands and covering most of his ears, wagged and shook his head like a great Dane. "I don't have time to answer your mail. If you can't take care of your job, we can find some one who can!" With that the youth went away. He did not seem deeply offended, as had the other fellow, but took himself off humbly to answer the letters somehow, half right and half wrong. He was evidently accustomed to the barking of this man. Perhaps these men had fallen into jobs overnight that they were unprepared to fill. Evidently they had not been chosen because of their ability to work with people but because someone was needed and they were convenient.

* * *

I sent a splendid girl to a large insurance company, where I thought she might be located. Later, I heard she did not go to this place. What was the trouble? I was annoyed that she did not take the position because I knew it to be a wonderful company—and I knew that she was just the kind of a girl that would bring new business to this institution. "Yes," she said, "I liked the prospects in the money end of it—and in fact in every way; I had about accepted the position and it was not until I got my final instructions that I decided not to take it. The man who interviewed me looked like an old maid—fussy and picayunish—so afraid that I was not going to understand my position. He said 'I want you to know that you are only one of

ten thousand. You are not a private secretary. Another thing you must understand is that you may not leave your work until it is finished, even though it is five o'clock. We want you to know that this business is a hard, steady grind and not a snap job.' By that time I was feeling very low and apologetic—I told him I had not expected to be a private secretary, or to leave before finishing my work. He haggled a little more and finally told me to come in on Monday morning for work. That was Thursday. I went home and thought of what he said, and called up and told them on Saturday that I could not accept the position. I thought that if I were to lose my individuality to the extent that I was not one whit different from the other 1999 that I did not care to work for such a place. If that attitude were prevalent, making one feel mean and little and others big, then I had better stay away."

* * *

A girl that I know very well, came to New York, a stranger. She was anxious to get a position and in search of one, set out on a tour in the financial district.

She had a hazy idea of "Wall Street" but having been in the city only a short time, she was quite at a loss to know where she should apply. However, she picked on banks as the most likely. When I asked her why, she laughed and said: "They always have such nice elevator starters that I don't mind going in."

She called at several without success. Finally she wandered into a large savings bank on lower Wall Street. The uniformed doorman was courteous, but girls were not employed in that institution.

It was a cold, raw day and the attendant must have seen the discouraged crestfallen expression that settled on the girl's face as she went down the steps, for he ran after her and said: "Won't you come back a minute? Perhaps, I can help you," he continued as they stood in the lobby, "I know all the large downtown banks, where they em-

ploy girls, and the ones where you most likely can be taken care of." He proceeded to write down the names and addresses of several, explaining just how to reach each. "Now, I have a little girl of my own about your age," he said as the girl thanked him, "and I hope you have luck. Let me hear from you."

As it happened she was placed in one of the very banks that this man had mentioned, and needless to say she did let him hear from her. She returned to the savings bank and opened an account. "My account does not amount to much, but I like to go there," she told me, "I feel that I have a good friend to greet me, and I enjoy the little chats we have each month."

It is a true example. We return to the homes, to the stores and to the banks where we are treated with the most courtesy.



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Several Reasons Why the Little Boy at the Table Looks Thin and Wan



Are your missionaries in these bazaars?

CONSTANTINOPLE, Bombay, Calcutta—the very names arouse visions of rich commerce. But woe to the trade missionary who rushes in to sweep these markets sensationally! With many habits of life that were firmly fixed centuries before Columbus sailed from Spain, the people do not yield readily to the persuasions of strangers.

Find a manufacturer who has established a market for his goods in the Orient, and you will meet a *patient builder* whose vision sees beyond immediate profit. Importer or exporter, your success there hinges upon gaining the slowly conceded confidence of able merchants *who test before they trust*.

The National Shawmut Bank is represented in all the important centers by influential local banks with which this bank has affiliations. An important advantage enjoyed by Shawmut clients is our investigation and trade counsel service—especially valuable to those about to make an initial sales effort in any part of the Near East.



WRITE FOR COPIES OF OUR BOOKLETS

Foreign Exchange, The Webb Law, The Edge Law, Acceptances, Scandnaria

THE NATIONAL SHAWMUT BANK of BOSTON
Capital, surplus and undivided profits, \$22,000,000

Banking Publicity

Special Section of The Bankers Magazine

OCTOBER 1921

Capitalizing Historical Association

By ADDISON L. WINSHIP

Vice-President National Shawmut Bank of Boston, Mass.

MORE, PERHAPS, THAN OTHER advertisers, do financial institutions suffer from the handicap of their being compelled to create a warm living personality for an institution to which the public generally attribute anything but warm qualities. Their growth and development is dependent wholly upon the measure of confidence which they can inspire throughout the community. Unlike a manufacturer, they have no tangible product for sale. They are limited in their appeal to a showing of what they have accomplished. Their statements from year to year are really the documents which make up their history. But when that history goes back three or more generations, the bank acquires a distinctive title to the confidence of the community. It will readily be appreciated that, faced with such limitations as to specific appeal, the bank must, in its advertising, capitalize and emphasize those services which are distinctive of it, and, better still, capitalize anything which may be unique in its title, or in its historic association.

The financial institution which, by reason of its age and the distinctive character of its name, can link itself up with the history of its community, enjoys the possession of a most valuable asset regarded solely from the advertiser's point of view.

The little group of Boston merchants and ship owners who met in the old Exchange Coffee House eighty-five years ago,

in 1836, to found the Warren Bank, indicated by their subsequent action a keen recognition of the value of a distinctive title with a local interest. While the bank was originally chartered as the Warren Bank, the name was changed to "Shawmut" bank a few months later by special act of the legislature. The old Exchange Coffee House, where the first meeting of the directors of the new bank was held, stood on Congress Square near the head



When BOSTON was a City of 80,000

THIS was in 1836—the year when Benjamin T. Reed convened eleven leading Boston merchants and manufacturers in the famous Exchange Coffee House, to organize a bank.

With Mr. Reed as president and a \$500,000 capital, *The Warren Bank* opened for business. A cashier, a teller, a book-keeper and a messenger comprised the staff. The title was shortly changed to *The Shawmut Bank*. Through vision and faithful service the new bank thrived. In 1864 incorporation was secured as *The Shawmut National Bank*.

Following a reorganization in 1898, the present title—*THE NATIONAL SHAWMUT BANK OF BOSTON*—was adopted. Since that year, the growth of the bank has been constant. Deposits increased from \$10,000,000 in 1899 to more than \$140,000,000 at this date. The service organization now includes over 1000 branches and connections, giving this bank representation all over the world.

The policy of this 85-year-old institution is very ably expressed in the words of a former Chairman of Directors, "a large strong, powerful bank, conducting a wise, conservative, but progressive business. It will not devote itself to any particular or exclusive line of the banking business. Its aim will be to accommodate all classes and kinds of people; to accommodate and do business with the small merchant as well as with the rich."

THE NATIONAL SHAWMUT BANK OF BOSTON
Reserves for assets \$200,000,000



Historic advertising of an historic bank

of State street, and was a famous gathering place for the bankers and merchants of Boston one hundred years ago.

The special significance of the word "Shawmut" had, without doubt, appealed strongly to the founders of the bank, as it was the Indian name for the site of the City of Boston, so-called because of the spring of clear, cool water for which the spot was famous. That the present Shawmut bank building stands within a few yards of the opening of that celebrated spring adds to the distinctiveness of the bank's title.

It is but natural that a name so intimately identified by historic association should carry a human appeal in addition to its value because of the ease with which such a name might be remembered. When in addition it has the added advantage of being represented by a familiar symbol its value as a title is greatly increased. The association of the symbol with the bank, and the impressions which it immediately calls up in the mind of the person seeing the sign, or hearing the name, are, without doubt, to be regarded as factors in the creation of confidence because of the suggestion of age, permanence, and identification with the beginning of the community.

As the name "Shawmut" was adopted by the bank because of its being the old Indian name for Boston, the use of the Indian head trade mark naturally followed. It has already become distinctive of the National Shawmut Bank. It immediately identifies the bank among others. The public has grown to recognize this symbol

(Continued on page 671)

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

OCTOBER 1921

IN 1920 financial advertisers used a total of 10,753,140 lines in New York newspapers. Financial advertising is now the second largest display classification, only the department stores using more space. Perhaps this showing is to be expected at the country's financial center.

IT IS QUITE generally the case that bankers testify that a large percentage of their new business comes to them through the recommendation of present depositors. That would seem to emphasize the importance of a bank's making friends of its customers, and also serves to call attention to the fact that the advertising claims and promises must be backed up by the officers and staff so that the treatment accorded customers and the public will correspond with the kindly spirit expressed in the advertisements.

IT IS NOT always possible to trace the results of bank advertising directly. That is why some bankers are not so enthusiastic about it as they should be. Undoubtedly, however, it is a fact that many persons are influenced

by advertising without realizing that such is the case. Reading a bank's advertisements subconsciously instills the idea of the institution's strength, and service-giving ability, so that eventually when the account is opened the depositor does not realize where he got the primary impulse to cast in his lot with that particular bank.

A BANK IS IN an enviable position when it has such friends as the woman who said to a Baltimore savings banker: "My father kept his account in this bank for many years and he opened an account for me when I was a child; now I want to open one for my child." Here was expressed not only friendship and loyalty, but sentiment.

IN REGARD to the advertising budget, an authority on the subject writes: "An appropriation need not pass from the supervision of management simply because it is not rigidly limited. It can and should be supervised. But it should be a flexible program within the gross amount, and it ought to be possible to reopen the matter readily—as it frequently is not—if conditions dictate the consideration of an increase in the total."

A CORRESPONDENT WRITES: "We do not believe that the average banker gives the

attention to his advertising and business-building program that this side of his business deserves. We have spent considerable money ourselves, but do not find that the other banks are doing their share. If every bank in the community would get behind this feature of their business, it would be to the benefit of all, and we believe would add considerably to the prosperity of any section."

IT IS AN INTERESTING fact that one of the large New York City banks which has many branches and caters to small accounts has lost less proportionately in deposits during the falling off of the past few months than other large institutions which do not encourage small accounts to the same extent. Maybe it pays to go after the little fellow after all. You know the little ones have a way of growing into big ones in time. Just give 'em a chance.

THE SPEECH OF BUSINESS

ADVERTISING IS THE "speech" of business.

Advertising is to business what language is to man—its mode of self-expression.

A business that will not advertise is both deaf and dumb; and as heavily handicapped in the world's progress as a deaf and dumb man.—*Joseph H. Appel, director publicity, John Wanamaker Stores.*

Capitalizing Historical Association

(Continued from page 669)

and to associate it with the progressive financial policies for which the bank stands.

It has been the aim of the bank's advertising to take full advantage of the significance of the word "Shawmut". The use of the Indian head in this connection has been a characteristic feature of the bank's advertising and printed matter for years. The design, in use since 1912, has been officially adopted and copyrighted. It is a reproduction of a fine bronze bust of a Massachusetts Indian, by the sculptor Adelbert H. Ames, which forms a striking feature of the decorations of the main banking floor.

The historic idea is emphasized in the calendar which we issue annually. Last year, because it marked the tercentenary of the landing of the Pilgrims, a reproduction in color of the greeting of the first settlers by the Indians served as a background for the Shawmut Indian head. This year three views of Boston; when the Pilgrims landed in 1620; when the Shawmut Bank was founded in 1836; and a view of Boston in 1920, provide an interesting background against which the head of the Shawmut Indian, printed in bronze toned ink, stands out boldly.

The bank issued recently an artistic bronze paper cutter, the handle of which is formed by the Shawmut Indian head.

The tercentenary celebration of the Landing of the Pilgrims, at Plymouth, was naturally suggestive of an opportunity for emphasizing the historical note in the advertising of the bank. A bronze reproduction of Plymouth Rock, designed to serve as a paper weight, represents an instance of our availing ourselves of an opportunity for linking the bank with the community and emphasizing the historical note. The distri-

Who's Who in Bank Advertising



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HENRY W. CARLISLE

Manager Publicity Department Guaranty Trust Company of New York

HENRY W. CARLISLE was born in Indianapolis and after graduation from high school joined the staff of the *Indianapolis News* as a reporter. He was with the *Cincinnati Post* for a short time in 1904 and then came to New York to study art at the Art Students' League. He did considerable writing and illustrating for various periodicals until 1909, when he joined the staff of the *Evening Sun*, where he remained for seven years. During that time he reported many of the leading events of the day for his paper and became one of the best known of New York newspaper men.

Mr. Carlisle entered the publicity department of the Guaranty Trust Company in July, 1917, and is the editor of the *Guaranty News*. In 1919 he was appointed assistant manager of the publicity department and was just appointed manager during the past month.

Have You Made Your Will?



UNLESS you make a will, the property which you spend a lifetime acquiring will be disposed of according to fixed laws and without regard to your wishes or the special needs of your family.

To protect your family, make a will and name the Oak Park Trust and Savings Bank as executor and trustee. Your wishes will then be carried out exactly.

This bank offers its experience, impartiality, and bonded responsibility. Unlike an individual, it never dies or refuses to act. It gives its constant attention, and through its knowledge of investments is able to assure a maximum income from the estate.

The fees charged are regulated by statute, and very low when the benefits are considered.

We recommend that you make your will at once and be prepared. It can be changed as often as desired.

Oak Park Trust & Savings Bank

Trust Department



Printed notices like the above are displayed in various departments of this bank

tribution to our bank correspondents, and to others, of these bronze paper weights, might be said to represent a direct advertising effort.

Equally important, if less direct, is the part which the bank has assumed in the distribution, throughout the country, of the memorial half dollar issued by the United States Treasury, to commemorate the tercentenary of the Landing of the Pilgrim Fathers. The National Shawmut Bank, which was designated distribution agent for the commission, assumed the task of distributing these coins to the number of 300,000 as a patriotic service. In this connection it is worthy of comment that the price of the coins was fixed by the Massachusetts Tercentenary Commission at \$1.00 each, it being intended that the amount above the face value of

the coin should be turned over to the commission for its use in connection with the celebration. That this duty has been successfully handled is due to the cooperation of other banks throughout the country.

As an illustration of our effort to link the bank directly

with the growth of the community, we are now inserting in the magazines a series of advertisements, several of which emphasize the intimate relation which, for almost one-hundred years, has existed between the bank and the commercial and industrial forces of New England. In one of these advertisements reference is made to the fact that the first president of the Shawmut Bank, Benjamin T. Reed, was one of a committee of Boston merchants appointed in 1839 to negotiate with Samuel Cunard for a direct steamship line between Boston and England.

These few references to our advertising activity serve to illustrate the scope of our advertising, and to emphasize our purpose to maintain a direct and definite connection with the community, and that we link ourselves closely with its local and national history and tradition. There can, of course, be little question that the maintenance of an active interest in the development of the community as indicated in our advertising program, and in the activity of our officers, is of immeasurable value in the creation of good-will. Through this association of historic interest and practical support, it is possible to demonstrate the broad foundation upon which the policy of the bank has been established and maintained for almost a century.



Advertising Travelers Checks

By ROGER WARNER

THE TRAVELERS CHECK, which today is being used more and more by all who travel for business or pleasure reasons, has behind it a most interesting story of banking invention and of pioneering in new banking fields. Travelers checks were the result of a definite need, and their almost universal use is to be explained by the fact

that they have met that need fully and well.

Thirty years ago the usual way to carry money on travels abroad was in cash, individual bank drafts, or by letters of credit issued by a very few American banks. Carrying large amounts of cash was always dangerous, for it put a premium on theft; and the cash

once lost was usually gone forever. Bank drafts were cumbersome for the ordinary traveler. Letters of credit could be negotiated only at the correspondents of the issuing bank, only at certain banking hours, and with irksome formalities of identification. Both bank drafts and letters of credit, moreover, were liable to subject the traveler to losses by exchange.

The president of the American Express Company had had occasion to realize first-hand the deficiencies of all methods of carrying travel funds in foreign lands. Upon his return to the United States he started certain men in his organization to work upon a piece of financial paper which should have none of the weaknesses he had found in his travel financing. It was Marcellus F. Berry, at that time general manager of the foreign department, who at length devised the travelers check as we know it today. The first travelers check was put in use in 1891.

The new form of financial paper met every requirement in which the older forms of travel funds had fallen down. It could be cashed anywhere at any hour of the day the traveler needed to spend money. Identification formalities were done away with by the device of signatures and counter-signature. The check carried a list of equivalents in the most used currencies of the world, which made certain that the traveler should receive a just exchange.

But the battle was not over with the invention of the travelers check. Much time and the expenditure of thousands of dollars were necessary before anything like universal recognition could be claimed for the new form of financial paper. Banks had to be circularized to introduce to them the travelers check. Hotels, restaurants and shops, tourist bureaus, ticket offices and steamship lines had

Who's Who in Bank Advertising



DOUGLAS MALCOLM

General Manager of Advertising American Express Company,
New York

DOUGLAS MALCOLM was brought to New York from Chicago to start an advertising department for the American Express Company in 1915. Prior to that he had been six years in the advertising department of the International Harvester Company, of Chicago.

He is a Scotch-Canadian by birth, but came to the United States young enough to spend eight years at school in Massachusetts, graduating from Harvard in 1906.

great program of expansion in all its former activities other than domestic parcel carrying—international banking, shipping, travel and foreign trade. New offices were rapidly being added to an already far-flung organization in the commercial and financial centers of the world, and the foreign strength of the company was approaching its present eminent position.

In consequence, the campaign on travelers checks which has been used in 1921 took on a different aspect. The increased sales of the previous year indicated that the reason why copy had done its work well, that American travelers were realizing how the travelers checks could be of value to them whenever they left home. Having achieved this point, Advertising Manager Douglas Malcolm of the American Express Company was ready to use a type of advertising a little more interesting, a good bit fanciful; and one which should set forth, as well, the other ways in which the worldwide organization of the American Express Company could help the traveler, besides supplying him with travel funds.

Hence came the advertisements which have been seen this summer in the magazines of the quality group and in other high-class publications; and which have called forth so much favorable comment, and, what is more important, increases in sales to date of twenty-five per cent. over a year ago. The samples of this campaign reproduced herewith show how well first-rate art work and enthralling copy can be applied even to the advertising of a form of financial paper.

One of the first members of the series dealt with the "Superman" whose signature on pieces of skyblue paper had the miraculous power to make your journey in foreign lands one unbroken trail of helpful attentions and personal courtesies.

Who's Who in Bank Advertising



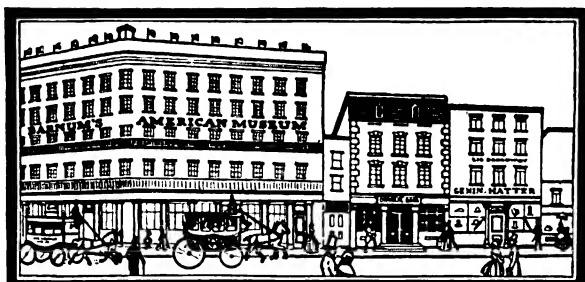
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SAMUEL CULVINER, JR.

Assistant Manager Publicity Department Guaranty Trust
Company of New York

MR. CULVINER was head of the advertising division of the publicity department before he was appointed assistant manager, this past month.

Prior to his connection with the Guaranty Trust he was engaged in the advertising field and was connected with leading agencies. He has been with the bank since 1917 and has been closely identified with the publicity and advertising during that period.



The First Bank on Broadway

Ninety-Seven years ago the Chemical Bank defied precedent by locating on Broadway, not on Wall Street.

To-day Broadway is lined by over a hundred banking houses.

Such breadth of vision, soundness of judgment and decisive action have brought the Chemical National Bank to its present unique position in the Banking world.

Seeking New Business On Our Record

THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK

Founded 1824

BROADWAY AND CHAMBERS, FACING CITY HALL

The ability wisely to look ahead—to display sound judgment not only of the present but of the future—is something in which a bank may take a just pride. The statement of this ability constitutes the strong feature, simply illustrated and well told in the above advertisement.

sies”—the latter referring to the manifold services at the American Express foreign offices as well as to the universal recognition accorded the check. Another advertisement headed “From the Sahara to the Ritz” shows a game of cards in progress in a Bedouin tent; and has called forth a number of testimonials from well-traveled individuals, who say they have used travelers checks

under just such circumstances. Still another member of the series headed “The Sky Blue Passport,” calls attention to the unique color of the American Express Travelers Checks. Another heading is “The Breeze of the Seven Seas,”—money, of course,—and goes on to show how the travelers check solves this problem on all journeys by land or sea. “The Invisible SAFE That Accompanies You”

deals first of all with the security of the travelers check. It is noticeable that each advertisement covers all the talking points of the travelers check, as well as tying it up with the other services of the American Express Company.

Along with this advertising direct-to-consumer there has been running a campaign in the better bankers' magazines, which drives home the advantages to the dealer of providing for the use of his patrons the American Express Travelers Check. This campaign is in connection with the circularization of banks by the American Express Company and the close touch kept with banks by the agents and representatives of the company.

Advertising Manager Douglas Malcolm thus sums up the policy of the American Express Company on travelers check advertising:

“In planning advertising such as this company carries on, petty vision has no place. The world must be seen as a unit. From 65 Broadway, New York, we must visualize our patron as he travels in a mud village in Central Argentine, in the disorganized towns of Soviet Russia, in the select circle of the best London clubs.

“Our conception of our advertising message is to bring forth the fact that an American Express Travelers Check is not merely a bit of semi-currency, but a financial talisman which can be spent the world over, which protects the traveler from the hazards of his travel, and from the excessive demands of money changers.

“The majority of travelers checks are sold at banks. A bank's obligation to its patron is one of the most sensitive sinews in all commerce. It is with a complete sense of our responsibility to banks selling our travelers checks, that we have undertaken to provide the customer who thus naturally

comes to us, not only with a form of travel funds, but with the facilities of a business and social headquarters which are his to command in almost all foreign lands frequented by Americans."



Making Use of News Items

EVERY BANK HAS a means of obtaining continuous and legitimate publicity through the preparation of news items for the news columns of the local newspaper. E. H. Kittredge, publicity manager of the Old Colony Trust Company of Boston discussed this subject as follows before the convention of the New England Bankers Association:

The preparation of news items for the news columns of daily papers affords another means of obtaining publicity, which although not lending itself to accurate checking, may nevertheless be a potent means to the end in view, namely, the growth of your institution. Public opinion may be effectively moulded in your favor by means of unshaded accounts of your activities, and statements from or addresses by your officers, or comment by them on current financial affairs.

Reading matter of this character must have real news value in order to get into the newspapers. Ordinarily the public will read, and the newspaper will be glad to receive items or articles of timely interest. May I here suggest concrete examples of what I mean:

1. Extensions and enlargements to the bank's property or staff.
2. Changes in its personnel.
3. The declaration of extra dividends—a reflection not only of the bank's prosperity, but also of the community it serves.
4. Innovations in management.
5. Welfare work.
6. The opening of branch offices.
7. Anniversaries.
8. The financial statement of your bank at the call periods, with comparative figures, if possible.

Such items, I insist, must be real news, and should be insured a faithful narration by being handed to an editor or reporter with whom the bank official in charge of publicity is intimately acquainted. The items should be written simply and straightforwardly, and not be buried in a mass of editorial comment.

"Old Bullion"

By this unique name the Chemical National Bank has been known since the period in 1857, when it was the only bank that continued specie payments—and this name epitomizes the entire history of the Chemical.

A Commercial Bank—performing every function of a bank

Seeking New Business On Our Record

**THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK**

Founded 1824

BROADWAY AND CHAMBERS, FACING CITY HALL

To have kept faith under trying circumstances is the best guaranty a bank can offer for its subsequent history. This strong element in the Chemical's record is picturesquely and forcefully brought out in this advertisement.

The Bank and Its Windows

By ELWOOD ROBINSON, JR.

THE MERCHANT OF TODAY truly appreciates the value of his display windows. The broad expanses of plate glass which line our business thoroughfares are ample proof of this fact. Yet to the average banker, his window has remained merely a means to the entry of light into his banking room. In

order to keep out the gaze of the curious passer-by, a screen of some sort is usually erected. At night the bank window is a dark blot in a line of brightly illuminated stores.

"But a merchant is quite differently situated," the banker will say. "He displays his goods. How can I display my

Keep Us In Touch With Your Work

Each month in this department current advertising matter is reproduced and commented upon. THE BANKERS MAGAZINE keeps on file bank advertising matter from all parts of the country—newspaper ads, booklets, folders, specialties, etc.

Keep us in touch with your own publicity work. We will gladly review and criticize your advertising matter, and perhaps we will be able to give you some ideas that you will find valuable.

We are especially interested in newspaper ads. Clip out your ads as they are published and send them along to us. Each month the best of them are reproduced in Banking Publicity.

Address all communications to:

PUBLICITY EDITOR

**THE BANKERS
MAGAZINE**

253 Broadway, New York

resources or the quality of service I am equipped to render. I have no merchandise to sell." The answer to this is that anything which may be said in a newspaper ad or on a bill board may be told more effectively by means of a window display. True, not so many people will see it, but a display can be made so attractive that more people will remember it. And it is the remembrance that counts.

Another objection which is sometimes raised is that window advertising is not dignified for banks. To this I would say that it depends entirely upon the way the advertising is handled. Just as a financial institution would not use the same newspaper lay-out as a fire sale, so must the bank window differ widely from that of the 5 and 10 cent store. Dignity and character may be expressed in the display window as well as in nearly any other form of advertising.

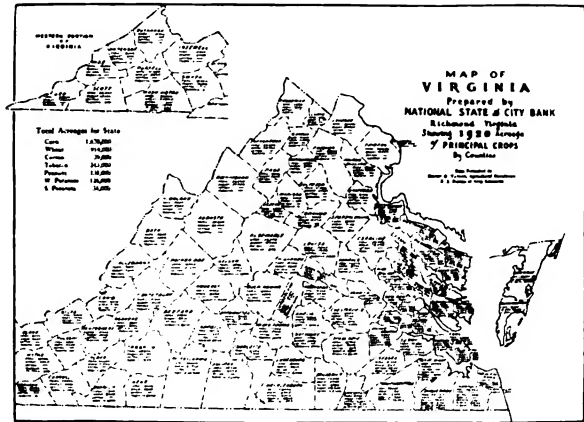
For the bank which has several windows available for display purposes there are a number of types of exhibits which should prove desirable. They may be grouped under three general divisions. (1). Interesting collections of coins, antiques, butterflies, etc. which are secured from private collections or from the local museums. These are used principally for their attraction value, that is, to attract attention to our windows and to accustom the passing public to look for interesting display therein. (2). Displays of local products furnished by manufacturers. These exhibits have the double value of advertising the city's industries to the public generally, and of creating a feeling of good-will between the bank and the manufacturer that has frequently resulted in securing excellent accounts. (3). Displays advertising some department of the bank or some service which the bank has to offer. These windows are, of

course, most productive of direct results, but at the same time are most difficult to make interesting. It must always be kept in mind that unless each window contains something of high attraction value, it will be impossible to secure more than the passing glance of the man on the street.

A particularly successful display along this line which we recently used announced the enlarged facilities of our safe deposit department. Having secured several models of old-fashioned time locks, some with an especial historical interest, we exhibited them in connection with a central poster telling of our new vaults and calling attention to the more modern type of equipment used in them.

Another window which shows the possibilities of combining objects of considerable display value with an advertisement of some department of the bank, is contained in the "Save for a Vacation" idea. Here pictures of mountain or seaside resorts, sporting goods, mounted game, etc. will draw the attention and add the necessary "human interest" to the "Open a Saving Account for Your Summer Vacation" poster.

The final and conclusive test which must be applied to every kind of advertising is the test of results. Upon this basis we must judge the value of window display. I have suggested



The National State and City Bank of Richmond issues this map showing the agricultural output of each county

above the possibility of securing the accounts of industrial concerns through offering them a window in which to exhibit their products. While such accounts may show the possibility of window displays, they are not a test of the advertising value of a window.

In order to arrive at the actual power of a display to put over an idea I recently kept account over a series of weeks of the number of small nickel home safes distributed with new savings accounts. Alternating weeks I placed a display of home safes in the window which were allowed to remain for one week and then taken out for one week. I then took an average of the number of safes distributed during the

weeks when the window display was used and again when it was not used. The results showed that an average of 36.5 per cent. more safes were distributed during the weeks when the display appeared than when it did not appear. This percentage would have been even larger were it not for a cumulative effect of the display which was apparent in the increased number of safes requested during the weeks when the window was not used after it had appeared several times. But despite this fact, the figures show clearly that window displays are good advertising.

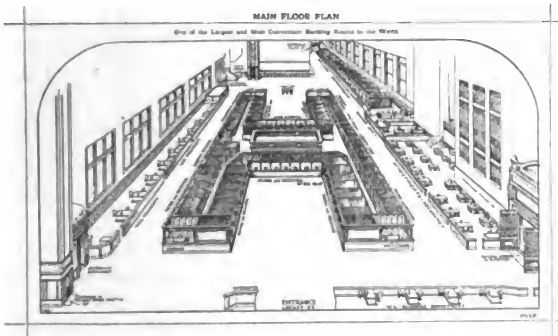
The above facts would seem conclusive. The field of bank window display advertising is relatively a new one. The developments which time will bring can only be guessed at. Yet I confidently believe that the window display will one day become a regular advertising medium for every banking establishment.



"ADVERTISING doesn't jerk—it pulls—a steady pull.

"Every ad goes to confirm the one before it—to strengthen the one that is to follow and there's no waste of effort or money.

"The stayer wins every time."—*American Machinist.*



For the convenience of depositors the First National Bank in St. Louis reproduces this main floor plan on its statement folder



"Whose financial advice will take the place of mine?"

Thought of a Business Man

"I HAVE worked for a score or more of seven-eighths years to accumulate, so that my loved ones may never want."

"But money is the most general management has a habit of taking things. Even a big estate cannot keep forever your administration."

"It appears as my experience an individual endowment experience. I will admit I have success in some. I do not, only learn to do and when ready experience."

"It appears as I might not really mean, but a short time back has one's efforts to develop through some to some."

"And success in other way, there are numerous reasons when a man handles his own money. Always the danger of loss."

"Why not have my family good management as well as money? I have the Wachsman Bank and Trust Company organized as my interest. The experience placed from handling money, bank loans and small is used for the benefit of each. Their money, who are eligible to share with me, are able to control funds wisely. My mind will be thoroughly protected."

"Certainly these principles are sounder than that of any one individual."

Call or write for a copy of "My Will"



WACHOVIA BANK AND TRUST COMPANY

WINSTON-SALEM
ASHFORD

Capital and Surplus, \$1,000,000
Reserve Fund, \$500,000

HIGH POINT
SALESBURY

An effective trust advertisement

Some Southern Bank Advertising

By R. D. CASSMORE

THE VARIETY OF APPEALS ONE can use in bank advertising seems almost endless, yet three or four strike closer to the daily lives of people than all the others.

Many banks are suggesting in their newspaper advertising to save the pennies, nickels and dimes and put them in a bank that parents help their children for safe keeping. The Cherokee County Bank, of Centre, Ala., uses an illustration showing a boy depositing money and the headline "Teach Children To Save" and follows with:

Start the kiddies right by making them WANT to save their money. A personal savings account in a high-class banking institution like this where children are given the proper attention and encouragement to handle their own finances is a good start in the right direction. One dollar opens an account.

Bank advertising of a similar nature is used by the Farmers State Bank, of Ashland, Ala. This advertisement has the headline "That Saving Habit," and the picture of an oak tree with another picture

of a boy at the receiving teller's window. The advertisement continues:

Saving is a matter of habit. And the habit grows just like the savings. To acquire the habit when young with small sums is to practice the habit when older with larger sums. So encourage the little fellow to start a savings account with us at once, and watch the habit grow.

If there is one time that a fellow needs money, and plenty of it that time is when he is getting married. The Farmers and Merchants Bank, of Centre, Ala., cleverly took advantage of this need by having a picture of a wedding in their advertisement and the heading "Plenty of Funds." The advertisement continued:

The time will come, young man, for you to march up the aisle with the dearest girl in the world beside you. When you marry though, you will want to have on hand a substantial bank account, for there is no affinity between love and poverty. We pay interest on your savings.

It isn't every headline that strikes home as strongly as the one used by the Andalusia National Bank, of Andalusia, Ala.

Just three words in big black type, "Crisp Yellow Bills." Following this was the wording:

Look mighty inviting to you as you put your hand down deep into your trousers pocket and pull out your bill roll. They look inviting to others also. The mere fact that instead of carrying around a neat leather bank book, you sport a "roll" marks you as game for the footpad, the blue sky operator and all his brethren. Money in the bank signifies that you are thrifty and wise. Deposit your earnings in this institution. Pay by check.

In agricultural districts the farmer has money when he sells his crops. This is the way the First National Bank, of Andalusia, Ala., took advantage of this condition:

Make every dollar work every day for you. As you sell your crops this harvest time, you can make your crop money start working for you in a four per cent. Certificate of Deposit here. These certificates are written for any amount, and if held for three months or longer pay four per cent. from pay of deposit for all full months. Have your money working for you where it is absolutely safe.

The usual type of bank advertising is used by an Alabama bank. A small headline says this is "The Place to Bank," and this is followed by the statement that this bank has "unexcelled equipment for sound banking in every detail." It certainly is conservative and dignified but will it produce business for the bank?

A somewhat unusual and new appeal in bank advertising was used by the First National Bank, of Birmingham, Ala. The headline was "Is Your Insurance Payable to a Minor Child?" It then went on to say:

If your insurance is payable to an individual beneficiary—your son or your daughter—who is a minor, it will be necessary to have a guardian appointed for that beneficiary before the insurance can be paid. The guardian appointed by the probate court may not be such a person as you would select, and the management of the estate in the probate court will subject it to court cost and other expenses of guardianship. Save these expenses and the risks of guardianship by making your insurance payable to a trustee of your own selection and direct for yourself how the estate shall be invested and distributed. The

trust department of this bank specializes in the handling of such trusts.

Since the Federal Reserve System came into existence there has been opened up another strong appeal for the bank advertising manager. People are just beginning to realize what a membership in this system means for any bank, and banks will do well to give this form of appeal careful consideration. The First National Bank, of Andalusia, Ala., used an illustration showing Uncle Sam with his arms full of money bags, and a protecting hand labeled "Federal Reserve." A headline at the top says "Our Bank is a Member of the Federal Reserve System," and below "It Protects Depositors and Encourages Business." Then it went on to say:

The Federal Reserve System of Banks is the financial system of the nation. From North, East South and West hundreds of banks are joined together for the protection of each other, the protection of depositors, and the development of our enterprises. Being a member bank, we offer you this greater protection for your money and greater benefits for your business. No account too small for our most careful attention, none too large for our ability to handle.

Probably everybody likes to be known as a "live wire." The First National Bank, of Ashland, Ala. thinks so for they recently used an advertisement which read as follows: "Every live wire has a bank account. Are you a live wire? Check book supplied. Four per cent. on savings."

Nearly every bank has safe deposit vaults but few advertise the fact except in an incidental way. The Anniston National Bank, of Anniston, Ala., believes, however, that this service is worth advertising. The headline is "A Legal Document Lost."

May be no better than no document at all. Wills, deeds, securities, marriage licenses, and every other paper or article the loss of which might cause hardship or regret, should be placed in a safe deposit box. Select from among the different sizes of boxes in our



The Bankers Trust Company of New York used this copy to announce the opening of its new Paris office

vault the one best suited to your requirements. The cost of rental is small.

Does the fact that a certain bank is the oldest in the county carry any weight in securing business? Probably some but it does not appear like a very strong appeal to a business man who is looking for real service from his banker. The Ashville Savings Bank, of Ashville, Ala., makes this statement regarding age, and then says: "We invite new accounts on the same basis on which we are serving our present customers."

Is the bank a public institution or partly so? The American Trust and Savings Bank, Birmingham, Ala., evidently think so for they use this heading: "A Quasi Public Institution," and follow with:

The modern bank is a quasi public institution rendering service in its community far beyond that for which it receives pay. We render every service and accommodation consistent with prudent and conservative banking.

"A GOOD FRIEND MAY BE A POOR EXECUTOR" is the good newspaper advertisement headline used by the Union Trust Company, Rochester, N. Y.

Unique Observance of an Anniversary Week

AN ANNIVERSARY WEEK celebration with some unusual features, was observed recently by the Toledo Savings Bank and Trust Company of Toledo.

This institution is the oldest savings bank in the city, and has always made a feature of historical incidents in its publicity. But this year, something new, an Historical Toledo Exhibition, was the big feature of the fifty-third anniversary, and quite by accident, too.

It came about in this way. As the fifty-third anniversary week approached, Maurice Elgutter, who prepares the bank's publicity, began to seek some new historical material to use in the birthday week copy.

So he took the public into his confidence by inserting in the daily papers, small advertisements, asking for the loan of old photographs, books, maps, etc. that people might have in their possession. The advertisements particularly asked for such material, which referred to the last half-century.

It was the original intention to reproduce such pictures of early Toledo as were suitable, in the anniversary week copy. But the response was so exceptional, that the use grew into something much greater. In response to the ads and small items in the news columns, old books, maps, photographs and other relics began to pour in. Then came the idea; this material is so plentiful and so interesting; why not use all of it, for an historical exhibition, that will enable the older generation to re-live pioneer days, and will give the younger men and women a slight suggestion, at least, of what the old days were like.

Such an exhibit the material became, relics being prominently placed on tablets and ledges, in the front of the main counting room, with appropriate signs

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

A
Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Allen, W. S., pub., mgr., Southwark Nat'l Bank, Philadelphia, Pa.
Anderson, R. F., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B
Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
Banco Mercantil Americano del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Baty, E. N., mgr. new bus. dept. Englewood State Bk., 63d St. & Yale Ave., Chicago, Ill.
Bauder, R. E., Union Bank Bldg., Chicago, Ill.
Baughner, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.

Berry, C. F., adv. mgr., Union Trust Co., Detroit, Mich.
Bell, H. W., director serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Bize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.

Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Block, R., pub. mgr., Citizens Trust Co., Buffalo, N. Y.
Boyd, W. A., vice-pres., 1st Nat'l Bank of Ithaca, N. Y.
Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V.-P., Pennsylvania Nat'l Bank, Chester, Pa.
Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.

C
Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Childress, F. E., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
Ciabough, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D
Davy, C. C., Atty. East Side Svgs. Bank, Rochester, N. Y.
Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
De Beblan, A., adv. mgr., Equitable Tr. Co., N. Y.
Delly, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
DeLson, L. E., pub. mgr., Central Tr. Co., of Illinois, Chicago, Ill.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E
Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.
Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.
Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F
Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.

G
Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, N. Y.
Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
Gonthier, H. G., dir. pub., Bank of Hochelaga, 112 St. James St., Montreal, Que.
Grimm, H. B., mgr., bus. ext. dept. Security Tr. Co., Detroit, Mich.

H
Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Heuchling, F. G., vice-pres., Northwestern Trust & Svgs. Bank, Chicago, Ill.
Hammond, R. P., bus. serv. dept., Second Ward Securities Co., Milwaukee, Wis.
Hansher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.

Handerson, C. H., Union Tr. Co., Cleveland, O.
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Heuchling, F. G., vice-pres., Northwestern Tr. & Svgs. Bank, Chicago, Ill.
Higgin, A. E., adv. serv., 2929 B'way, N. Y. C.
Higley, J. N., adv. dept., 1st Nat'l Bank, Youngstown, Ohio.
Hirt, E. C., Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.

Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
Hodgins, J. H., pub. dept., Union Bank of Canada, Winnipeg, Manitoba, Canada.
Hokanson, M. M., adv. mgr., State Bank of Chicago, Ill.
Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
Hunter, H. G., vice-pres.; treas., Kansas City Terminal Tr. Co., Kansas City, Mo.
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

J
Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
Johnson, E. W., Warren Nat'l Bk., Warren, Pa.
Johnson, S. W., mgr. new bus. dept. Seaboard Nat'l Bank, Norfolk, Va.
Johnson, W. H., Jr., adv. dept., Marine Tr. Co., Buffalo, N. Y.
Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

K
Keeton, M., mgr. svgs. dept. Merchants & Farmers Bank, Meridian, Miss.
Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L
Langstroth, E., New York Trust Co., N. Y. C.
Lanier, E. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Leitch, W. E., mgr. for. dept., Merchants Bank of Canada, Montreal.
Lerner, V. A., comp., Williamsburgh Svgs. Bank, B'way & Driggs Ave., Brooklyn.
Lyons, W. S., Union Trust Co., of D. C., 15th & H Sts., Washington, D. C.

M
McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
Matthews, H. B., adv. mgr., S. W. Strauss & Co., 5th Ave. at 46th St., N. Y. C.
Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.

Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morrish, W. F., vice-pres., Security Bk. & Tr. Co., San Francisco, Cal.
 Morrow, P. E., care of Hackney & Moale Co., Asheville, N. C.
 Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.
 Muralt, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.

N
 Newton, E. V., mgr. bus. dept., Garfield Svgs. Bank, Cleveland, Ohio.
 Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.

O
 Oakes, R. W., asst. secy., Watertown Savings Bank, Watertown, N. Y.
 Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P
 Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R
 Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
 Reese, R., Minnesota Loan & Tr. Co., Minneapolis, Minn.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N. Y. C.
 Ruft, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr., new bus. dept., American Nat'l Bank, Richmond, Va.

S
 Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Schlater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellow, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
 Sloan, L. H., Nat'l City Bank, N. Y. C.
 Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept. Industrial Svgs. Bank, Flint, Mich.
 Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.
 Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stein, R., asst. cash., American Union Bk., N. Y.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy-treas., Indiana Svgs. & Loan Ass'n., South Bend, Ind.
 Streicher, J. H., new bus. dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.

Sullivan, T. J., pres., American Press League, 11 S. LaSalle St., Chicago, Ill.

T
 Tait, A. Gordon, pub. mgr., Royal Bank of Canada, Montreal.
 Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
 Thruston, W. B., Jr., mgr. for. dept. Merchants Nat'l Bank, Baltimore, Md.

V
 Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W
 Wadden, T. A., vice-pres., Lake Co. Nat'l Bank, Sioux Falls, S. D.
 Wadden, T. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
 Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
 Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
 Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
 Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
 Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
 Woolford, Withers, Bank of America, 40th St. & Madison Ave., N. Y. C.
 Wormwood, C. K., adv. mgr., 1st Nat'l Bank, Haverhill, Mass.

Z
 Zambrano, A., Jr., care of A. Zambrano e hijos, Aparto No. 6, Monterrey, N. L. Mex.
 Zimmer, C. R., 1st Nat'l Bank, Emporium, Pa.
 Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
 Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.

NEW NAMES

Alfriend, R. J., Jr., asst. cash., Virginia Nat'l Bank, Norfolk, Va.
 Anderson, R., asst. cash., Norwood Nat'l Bank, Greenville, S. C.
 Banco di Roma, head office, Rome, Italy.
 Bolla, Rodolfo, American representative, Banco di Roma, 1 Wall St., N. Y.
 Gatling, N. F., V. F., Chatham & Phenix Nat'l Bank, N. Y.
 Hoshbach, J. T. A., 4th St. Nat'l Bank, Phila. Pa.
 Izant, R. J., adv. mgr., Central Nat'l Bank Svgs. & Tr. Co., Cleveland, Ohio.
 Malcolm, S. D., gen. mgr., adv. dept., American Express Company, N. Y.
 Poole, John, pres., Federal National Bank, Washington, D. C.
 Potter, H. E., asst. cash., Citizens Commercial & Svgs. Bank, Flint, Mich.
 Sherrill, W. M., Wyoming Nat'l Bank, Wilkes-Barre, Pa.
 Simons, M. M., asst. treas., Farmers & Merchants Tr. Co., Greenville, Pa.
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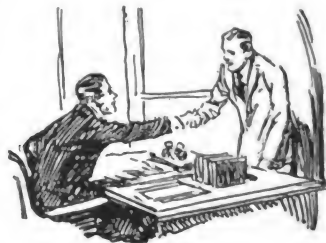
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Boston Banker Discusses Condition in Europe

ONE of the vice-presidents of the Merchants National Bank of Boston, W. Irving Bullard, has returned to Boston, after three months spent in thirteen European countries and on the Russian frontier.

Mr. Bullard's continental voyaging followed his attendance at the World Cotton Conference in Liverpool and Manchester, England, in June. He is joint treasurer of the conference, as well as treasurer of the National Association of Cotton Manufacturers in the United States and identified with textile interests in Connecticut. Mr. Bullard commented as follows on his experiences in a recent issue of the *Boston Evening Transcript*.

"Slowly and blunderingly, Europe is working back toward stability and solvency; that is, Europe west of the nebulous Russian border.

"Of course, western Europe, crippled by war and still burdened by many after-war follies, has yet a long way to go in readjustment and convalescence. But the outstanding symptom I noticed nearly everywhere was most significant; the will to go on; to get better. With the psychological element sound, the physical progress will follow. And this resolution of the will I observed manifesting itself by sure signs in a dozen countries. Sometimes it meant conflicts of interest or design among those countries, in military or economic measures, notably in border precautions or tariff barriers or retaliations. But in all it meant a will to get on, to build up. And each country had its separate program of recovery or growth, along nationalistic lines. To conciliate the frictions that these divergencies will bring will tax European statesmanship for a long time to come.

"France, with her ordinary and extraordinary budgets, has obviously been 'bankrupt' under strict accounting for a long while; yet not hopelessly so. She has a public debt of 250,000,000,000 francs, or at former par value \$48,500,-

000,000. That is \$1,212 per capita against \$875 in England and \$240 here. Yet only 21,000,000,000 francs, or 8.4 per cent., is external debt; and slightly more than one-fifth the total, or 51,000,000,000 francs, is being carried as an



W. IRVING BULLARD

Vice-President of the Merchants National Bank of Boston who has been traveling through Europe during the past months

asset in the expectation of German reimbursement in reparations.

"France is steadily improving her trade and fiscal position. Also, despite the past summer's drought in Europe, her crops are good. This year, her exports have increased sixteen per cent. over last year, while imports have decreased forty-five per cent. For the year that would mean an export balance of nearly a billion francs against an import balance of almost 28,000,000,000 last year.

"Likewise the French Government

figures for 1922 an expenditure of 24,932,000,000 francs, as against receipts of 25,019,000,000, or a favorable balance of 87,000,000 francs, as against an ordinary deficit of francs 3,647,000,000 in 1921. The interest payment will reach 12,526,000,000 francs but over ninety-one per cent of it will be disbursed internally. An encouraging symptom is a cut in the army estimates of 794,000,000 francs, to 5,028,000,000. France would like to reduce her army further, if she dared politically.

"Yet there is one consolation in this respect. The size of the army, about 800,000, is what enables France to present today a record low total of unemployed among the nations, at only a little over 50,000.

"France hasn't dared cut her army. She is only now venturing to raise her direct taxes, as she should have done long since. She is contemplating a doubling of the business turnover tax, which should increase the revenue by about 5,600,000,000 francs, and bring Government solvency quite a bit nearer. For 1920 only 500,000 persons paid a direct income tax in France, while it is estimated fully four million, or eight times as many, should have paid. Your Frenchman hates to pay a direct tax; but he will cheerfully submit to the most inconvenient indirect taxation, on all sorts of living necessities, including windows. This theory started with the idea of taxing luxuries but gradually spread to everything the tax-gatherer's ingenuity could cover.

"How the capital value of Germany, as a going industrial concern, has shrunk in real dimensions as measured by gold, at the same time that there has been apparent internal expansion, was concretely set forth to me in terms of corporate statistics by President Wasserman of the Deutsche Bank. He stated that in 1913 there were 4,758 corporations in Germany, including banks. Their total capital of 15,954,000,000 gold marks had at that time an aggregate market value of about twenty-four billion marks, or in American currency practically six billion dollars. In August, 1921, the number of

corporations had risen to about 6,000 and total capital had considerably more than doubled, to about thirty-eight billion paper marks. With the shares selling in many cases during the recent fever of security speculation in Germany, up to premiums of 300 or even 400 per cent., and with the entire list averaging 200 per cent. above par, the aggregate market value had reached about 114,000,000,000 paper marks. But in American dollars, at current exchange, this total represented only a trifle over one billion dollars. Thus an expanded industrial plant, undamaged by war and physically handicapped only by partial lack of raw materials, reflects the financial discount to which Germany has sunk by being quoted in terms of gold at only one-sixth of its prewar value.

"It is this fearful depreciation of the mark, as the inevitable result of being compelled to keep on issuing more paper until the Reichsbank circulation has crossed eighty billion paper marks, with more than ten more billion of Darlehenskassenschein notes, as against barely one per cent. of gold reserve, which German financiers point to as the symptom of what reparations pressure means. Germany, they declare, cannot under these circumstances make any progress toward deflation. The tax problem in Germany also is declared to depend, in the ultimate analysis, on the purchasing power of the mark, after the payment of reparations. As to taxation the Germans say that the maximum is being attempted in levies on both income and principal, despite French allegations to the contrary.

"The one slight compensatory incident in relation to the mark is the influx of outside money, principally American, that has resulted from lively speculation in marks the last year or more. The extraordinary increase of American interest in German speculation, also in German investment and renewed business transactions in general is reflected in the figures of the Deutsche Bank. In 1918 it had only 700 American accounts on its books and employed but six in its American department. Today the bank devotes an entire build-

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ing solely to American accounts, with 150 employees required to handle a total of American accounts that has risen to sixty million marks. The bank cashes on an average twenty-five letters of credit daily from the United States; and fifty new accounts daily are opened by American speculators and American business firms or folks in America remitting to relatives in Germany.

"Over the whole of Central Europe, and also many more distant fields, looms an economic figure which the favorite German adjective 'kolossal' fits perfectly. That is Hugo Stinnes, variously described as a Bismarck of business, a German Rockefeller, or, if the word-painter is unfriendly, an octopus, or a Frankenstein.

"Essentially he has been a trader or promoter, rather than a manufacturer or merchant. His vision and his daring have been Napoleonic. The German ambition for commercial eminence, the recent German furor for speculation—in which millions of people have put

billions of paper marks into securities before the marks should depreciate further—the German fondness for syndicates and company-chains, and the German tolerance of 'trust' methods, have all helped him surpass the wildest dreams of our old-time American trust-builders. And report has it that none of the latter could have taught him anything in being 'practical.'

"Stinnes is looked on as the great secret power in German politics, with a potent influence also in Sweden, Denmark and Finland. His views on reparations are notorious. He wants the Hohenzollerns eventually restored, and is confident that the rank and file of Germans also desire it. In Berlin they told me that one of the younger sons of the ex-Kaiser, now employed in a Berlin bank, is being quietly groomed as the next emperor.

"In any event, Stinnes is resolved that Germany shall win commercial supremacy. Commercial mastery of Russia is regarded in Germany as his fixed

program; meanwhile he is willing to dicker and temporize with the Soviet. Alike in business and politics he is coldly ruthless and unscrupulous, according to all versions. No other interests appeal to this machine-like, swarthy man of about fifty, callous to all the fine arts, to all luxuries and even to all refinements. More than a million men work for him, and not a few of them are said to be heavily salaried or pensioned Junkers of the old order. At the very time that Germans prate of crushing burdens, Stinnes appears to ride calmly the crest of inflation. Is there an economic Waterloo or St. Helena ahead of him?

"Physically, aside from some reduction of the national waistline, Germany looks prosperous and busy. There is a good deal of building in progress. Retail trades seem active. There is complaint of coal supplies, partly attributed to Allied takings and partly to recently lowered output in the Ruhr district. Strikes and disturbances have lessened the supply from lower Silesia. Bunker coal for ships has been scarce.

"Yet Germany, as her business leaders told me, feels that she has made large strides the last few months. Unemployment dropped from 440,000 in May to 300,000 in July. In the first half of 1921, \$450,000,000 (nominal)

was provided for new industries and \$11,500,000,000 (nominal) for extension of existing concerns.

Cutlery and all small metal trades are active. The optical trades are working twenty-four hours a day in three shifts. Germany is encouraged by figures for 1920 showing an excess of eight per cent. in bulk weight of exports over imports, whereas before the war there was an import preponderance. But Germans keep telling you that to meet the reparations they would have to do over half the world's export trade of say \$200,000,000, or nearly ten times what they did before the war. The Germans are encouraged when they underbid, on contracts in South America or Asia or when, as recently, they sold steam shovels to the De Beers diamond syndicate in South Africa at £800 per shovel under English quotations. But can the Germans, as Hoover points out, continue and increase these successes under the handicaps of insufficient raw materials and exhausted or swollen finances?

"England still leads in all Europe in fiscal convalescence. Partly this is because of her willingness to face facts—and taxes. She has paid more in six years in taxes than in two and one-quarter centuries preceding."



Effect of Europe's State of Mind on Reconstruction

FREDERICK W. GEHLE, manager of the department of advertising and new business of the Mechanics and Metals National Bank, of New York, returned recently from a two months' trip through England, France and Germany.

"The three great problems of Europe's reconstruction, according to Mr. Gehle, are the establishment of a normal state of mind among the people, adjustment of credit and commercial relations, and the definite understanding of Germany's position among the nations of Europe.

"Trade and credit are at present so reconstructed that scores of millions of people of the continent of Europe cannot get down to full and profitable production," said Mr. Gehle. "But quite as much as the material effects of the war, the existence of an overwrought and unhealthy state of mind is delaying Europe's normal progress of reconstruction.

"People dwelling in harmony with one another in the United States cannot appreciate the degree in which finance, commerce and industry are brought under the dominance of other

than economic factors. Socially and politically there is an unrest throughout Europe which stands in the way of a return to stability. There is an atmosphere of nervous exaggeration that manifests itself wherever you go, and one of the most startling surprises is the spirit of vengeful anger that is disclosed among the vanquished as well



FREDERICK W. GEHLE

Advertising Manager Mechanics and Metals National Bank of New York

as the victors. The great trouble is that each country is thinking for itself first and for the others afterward, hence the faultiness of the peace treaty is held up for execration everywhere. Until the complex spirit of self-righteousness, self-pity and distrust that moves the people of each country is changed, there can be no wholesome nor normal evolution. The responsibility rests entirely upon Europe's leaders of business and finance. Politicians who are preaching in every country the propaganda of hate and suspicion are doing their worst; and it is now for the



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business leaders to do their best. From a financial viewpoint there never was a time when the countries of Europe were more in need of long-term credit than today. Business is hampered because of the shortage of raw materials and raw materials, especially those of American production, cannot be bought in the desired quantities because of credit hindrances. Were the plans of the American Bankers Association perfected and were the \$100,000,000 Foreign Trade Financing Corporation now in existence to facilitate the extension of long term credits in those countries and to those people who are thoroughly responsible, I have no doubt that the situation, so far as trade between America and Europe is concerned, would be far better than it is.

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other industrial centers of Germany, is amazed at the activity of the people and the tremendous efforts that are being put forth to stimulate production. Among the leading industrial countries of the world Germany is the only one that has not got its unemployment problem. Almost literally there is no unemployment in Germany; the only people idle are those who wish to be idle or who are disabled. Hamburg is busy day and night building ships. Essen is busy turning out locomotives and other railroad equipment. Other centers are busy with other industries. Yet, when one looks below the surface he cannot mistake the hollowness of Germany's industrial boom. Her finances are in a precarious condition; the printing of paper marks to the extent of millions every day, the failure of the government to meet its expenses out of taxation and the inability of the government to institute any definite plan of financial reorganization is leading Germany directly to a crisis. The decline in the mark to its present level was absolutely inevitable. You cannot create value in any other way than by production and thrift. Economic laws work inexorably, and Germany by defying economic laws, has stored up for itself prodigious problems for the future.

"In considering the whole question of Germany's indemnity, one comes to the conclusion that none is pleased with it. Bankers and business men in England are frankly in favor of some form of adjustment; in France there is an indignant protest against the suggestion

of ameliorating Germany's obligation, at the same time that the effects of heavy payments are feared. If Germany pays the indemnity it will do so out of the proceeds of its exports, and if it exports sufficient for the purpose there is danger that German goods will inundate the markets of the world to the detriment of English, French and American competition. Rightly or wrongly, unemployment in England and France is laid to the doors of Germany's present cheap production, and it would not be surprising were England in the near future to take the initiative toward remedying this phase of the situation.

"Before Europe's social and economic problems can be properly settled there must be a conciliation of national ideas and a fusing of international ideals. It is true that the United States as a nation has definitely taken a stand against interfering with European politics, but this country cannot after all consider itself entirely free from the consequences of those politics. Whether we like to think so or not, Europe is a major influence in the determination of our economic welfare, and we cannot miss the logic of the existing situation or ignore the conclusion that from the point of view of our own selfish interest, if from no other, we are vitally concerned in the return of normal conditions abroad. Europe's leaders maintain that the United States is absolutely necessary to Europe's recuperation. It behooves American leaders to gain accurate knowledge of the degree in which Europe's recuperation is abso-

lutely necessary to ourselves. Upward of \$18,000,000,000 is outstanding to our credit in Europe, and with a tremendous productive capacity in the United States seeking an outlet through

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junction of three streets, Bartolome Mitre, Avenida Presidente Roque Saenz Pena, and Florida. The new building is to be a substantial one of nine stories. In architecture it is pure Spanish, entirely in keeping with its setting. When completed, in addition to the banking quarters, it will house many of the larger and more representative of the American business concerns in Argentina. It will be a fine monument to American enterprise directed along sound conservative lines.



Otto H. Kahn on the International Situation

OTTO H. KAHN of Kuhn, Loeb & Company, upon his recent return from Europe, pointed out some of the impressions made upon him by his visit in comparison with a similar trip made one year ago.

"First, the theories of Bolshevism are

wholly discredited and have ceased to be a contagious influence and an article of faith with all but a small fraction of the bona fide working people of Europe," he declared. "Second, the eyes of the industrial nations of Europe are on Russia as the new land of unlimited



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England: London (Representative). **France:** Paris, Lyons. **Spain:** Madrid, Barcelona. **Taragona,** Montblanch, Barlas Blancas, Santa Coloma de Queralt, Valls. **Switzerland:** Chiasso, Lugano. **Turkey:** Constantinople. **Malta:** Valletta. **Asia Minor:** Adalia, Smyrna, Scalanova, Sokla. **Syria:** Aleppo, Beyrouth, Damascus, Tripoli. **Palestine:** Jerusalem, Calfa, Jaffa. **Egypt:** Alexandria, Cairo, Port Said, Manzourah, Tanta, Beni Mazur, Beni Soueff, Bilbeh, Dessouk, Fashn, Fayoum, Kafr El Chelkh, Magagha, Mehalia, Kobra, Minish, Mit Ghanur, Zagazig.

American Representative

RODOLFO BOLLA, 1 Wall Street, New York

possibilities. Thirdly, there seems to be almost universal recognition, even in strongly antagonistic quarters, that for the commercial penetration and the economic ordering and development of a regenerated, or to be regenerated, Russia, the active cooperation of Germany is requisite and essential, owing to her contiguity and her knowledge of Russian ways and qualities and conditions.

"England and France are alive to that situation, and their financial and industrial leaders are astir, especially those of England, with traditional enterprise and foresight. American cooperation would be welcome at this time. It would appear to me that the situation should receive the careful and prompt attention of American industry and finance, lest by standing aloof too long we may find ourselves foreclosed from desirable opportunities when the proper time arrives. This suggestion is, of course, entirely apart from the political and moral question of according any recognition to the Soviet Government until and unless it be sanctioned by unmistakable action through the free vote of the Russian people.

"America looms so large as an actual, and still more, a potential factor in world affairs, that her domestic affairs form an appropriate subject for discussion."

Mr. Kahn then pointed out what he considered the "signposts of economic soundness," as follows:

1. A wise taxation policy; correcting the most glaring, at least, of the faults of our present system of raising revenue which have crippled business.

2. A wise credit and loan policy; the attitude of those in charge of loans and credits should be one of active encouragement and of a ready willingness, within the limits of prudence and capacity, to extend adequate facilities to borrowers for legitimate needs at home and abroad.

3. A wise tariff policy. Mr. Kahn favors a protective tariff to the extent only of preserving our industries and the American standard of living. But he declares the American standard of wages and living does not mean that

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This bank has grown with New Orleans since 1870, and because of its long experience and broad service, is well prepared to handle *your* Southern business economically and efficiently.

**Hibernia
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extravagant and wholly fortuitous standard which resulted from the war and from its after-effects. Our tariff, he says, must not shut us out of the markets of the world. Waste must be eliminated from business, costs brought down, the "get rich quick and easy period" be considered definitely at an end and both capital and labor recognize the need of adjusting their compensation to the circumstances which the country has to meet.

4. Sound and effective measures to aid the farming industry, which has been receiving pre-war prices for its output while paying inflated prices for all things purchased.

5. Cultivation of our export trade, which requires careful study of that field on the part of our merchants and bankers and the setting up of organizations and machinery to be as effective, and the training of men to be as competent, as those that have been developed by our competitors.

"The road lies before us, broad and straight. If we will take it resolutely, refusing to be enticed into by-ways or alleged shortcuts, we shall soon find ourselves within sight again of prosperity and national well-being."



Death of Charles MacKay

CHARLES MACKAY, assistant agent of the New York agency of the Standard Bank of South Africa, Ltd., 68 Wall street, died of pneumonia



CHARLES MACKAY

Assistant Agent, New York Agency Standard Bank of South Africa, Ltd., whose death occurred recently

September 19 at his home in Larchmont, N. Y. Mr. MacKay had been with the New York agency since 1905, becoming assistant agent in October, 1920. He had acted as agent of the bank from May, 1917 to the end of January, 1918, while the agent, W. H. Macintyre, was abroad.

Mr. MacKay started his banking career in the Clydesdale Bank, Ltd., at Dumfries, Scotland, and from there

went to the London and Provincial Bank in London. Later he was for some years in the London office of the Standard Bank of South Africa, Ltd., coming to the New York agency from there. He was a member of Continental Lodge, 287 F. and A. M.

Great Britain

REPORT OF BANK OF ROUMANIA, LTD.

The ordinary general meeting of the Bank of Roumania, Ltd., was held in London August 27, Viscount Goschen, C. B. E., presiding. After deduction of the dividend of five per cent., paid in December, and after making provision for bad and doubtful debts, income tax, etc., writing down investments in British Government securities to market value, and placing £2,000 to the credit of the pensions fund, a credit balance was shown of £18,281-0-9. This sum, in view of the unsatisfactory state of the exchanges, was transferred to a contingency account.

The chairman made the following remarks:

"One of the principal reasons for the unfavorable state of the exchanges in Roumania is the fact that Roumania is a country where taxation has, so far, been extremely light, so light as to be almost a negligible quantity. This matter has lately received the attention of the Roumanian Minister of Finance, M. Titulescu, who, in his recent budget, introduced taxes on a scale comparable to this country. Most of these provisions have, I believe, now become law. When the full effect of these provisions is felt, the finances of the country should benefit considerably, and should be on a more satisfactory footing.

"The rate of exchange when we made up our accounts on December 31 last was 280 lei to the £. This adverse rate, you will readily understand, severely affects the profits of a company such as ours with sterling capital.

"I am very pleased to say that dur-

FRENCH AMERICAN BANKING CORPORATION

Cedar and William Streets, New York

STATEMENT OF CONDITION SEPTEMBER 30, 1921

RESOURCES		LIABILITIES	
Cash on hand and in banks.....	\$316,997.42	Capital	\$2,000,000.00
Due from foreign banks.....	2,628,484.81	Surplus	500,000.00
Current accounts	2,622,503.83	Undivided profits	370,153.58
United States Certificates of		Current accounts	7,853,404.43
Indebtedness	500,000.00	Customers' loans	1,750,000.00
Other bonds	215,098.61	Acceptances	1,354,919.82
Demand loans on collateral....	1,750,000.00	Letters of credit and foreign	
Other loans	21,600.00	acceptances	1,300,381.61
Bankers' acceptances pur-		Liability under foreign ex-	
chased	4,036,632.86	change contracts	13,669,567.30
Other bills purchased.....	137,668.48	Balance foreign exchange	
Furniture and fixtures.....	7,920.60	sold, at current rates.....	2,433,530.33
Accrued interest, commissions		Reserved for taxes, etc.....	150,677.84
and other items receivable	9,560.43	Unearned discount, commis-	
Customers' liability under ac-		sions, etc.....	52,392.72
ceptances and letters of		Other liabilities	11,048.18
credit	2,652,781.43		
Purchasers' liability under			
foreign exchange contracts	16,546,827.34		
Total	\$31,446,075.81	Total	\$31,446,075.81

A general foreign and international banking business in all its ramifications is transacted, with special facilities in connection with France and the French Colonies and Dependencies

ing the past year Roumania has made considerable progress towards the re-establishment of a normal state of affairs.

The production of petrol, which in 1919 was 917,276 tons, was for the year 1920, 1,080,086 tons, as compared with 1,544,847 tons in 1911. Last year's harvest was not so good as might have been desired, and, in addition, the area under cultivation was considerably below normal. As regards the prospects for this year, practically all the area possible of cultivation is sown. A little damage has been done to the wheat by the recent heavy rains, but the maize crop has benefited considerably, and, although unfavorable reports were recently circulated, the latest advices received by us from Roumania are to the effect that, speaking generally, the outlook is very favorable, and I might add that in some quarters it is thought that the crop will be an exceptionally good one.

"Imports from Great Britain, which in 1919 were valued at £5,585,085,

were, for the year 1920, £7,108,514. I am glad to say that Roumania shows an increasing capacity for absorbing British goods, which justifies the hope that in future she may become an important market.

"The Roumanian State, during the year, successfully floated an internal five per cent. loan of one milliard of lei, the amount subscribed at our guichets being over 100,000,000.

"The effect of the unfavorable exchanges still weighs heavily on the economic life of the country, and although the country itself from the fact of its being chiefly agricultural, is very prosperous, yet commercial and industrial affairs, owing to their dependence on foreign sources of supply for their requirements, are naturally very much hampered by the uncertainty of exchange. It is to be hoped that, with the possibility of bigger exports of grain, oil and wood in the near future, this exchange difficulty will gradually be overcome."

ISSUES OF CAPITAL

New Capital Issues in the United Kingdom by months*

[Compiled by the London Joint City and Midland Bank Limited]

	£ 1918	£ 1919	£ 1920	£ 1921
January	192,500	18,340,586	42,446,210	22,468,915
February	1,275,750	9,683,737	35,213,793	10,362,523
March	2,674,562	11,862,083	69,355,644	25,518,471
April	1,053,739	6,048,111	45,795,840	14,764,670
May	5,320,618	17,541,224	20,860,980	17,187,148
June	2,295,959	16,823,315	27,559,699	33,918,846
July	4,516,135	28,277,343	43,422,343	9,786,354
Seven months	17,329,263	108,576,399	284,654,509	134,006,927
August	5,277,640	14,807,345	9,855,340	.....
September	5,986,672	9,294,271	20,064,432	.....
October	7,233,357	24,977,183	28,152,110	.....
November	22,354,756	33,106,761	33,021,253	.....
December	7,147,863	46,779,404	8,463,094	.....
Year	65,329,551	237,541,363	384,210,818	.....

*Excluding British Government Loans raised directly for national purposes.

Geographical Distribution of New Capital Issues in the United Kingdom
by Months. (000 omitted.)*

[Compiled by the London Joint City and Midland Bank Limited]

	United Kingdom £	India and Ceylon £	British Possessions £	Foreign Countries £	Total £
January, 1920	30,071	138	7,933	4,304	42,446
February, 1920	31,851	1,076	1,401	886	35,214
March, 1920	65,088	126	1,922	2,220	69,356
April, 1920	44,677	74	902	143	45,796
May, 1920	19,124	.....	1,240	497	20,861
June, 1920	21,277	100	5,879	304	27,560
July, 1920	41,660	600	1,162	.....	43,422
Seven months	253,748	2,114	20,439	8,354	284,655
August, 1920	6,453	30	2,581	791	9,855
September, 1920	18,384	1,000	468	212	20,064
October, 1920	24,225	30	2,780	1,117	28,152
November, 1920	23,352	122	8,654	893	33,021
December, 1920	4,818	217	2,138	1,290	8,463
Year	330,980	3,513	37,060	12,657	384,210
January, 1921	11,274	105	5,000	6,090	22,469
February, 1921	6,963	58	3,042	300	10,363
March, 1921	17,981	.....	1,124	6,413	25,518
April, 1921	4,563	8,500	663	1,039	14,765
May, 1921	6,517	5	4,687	5,977	17,186
June, 1921	15,150	5,970	9,969	2,830	33,919
July, 1921	6,167	1,509	2,010	100	9,786
Seven months	68,616	16,147	26,495	22,749	134,007

*Excluding British Government Loans raised directly for national purposes.

BRITISH TRADE RECOVERING

The board of trade returns covering the foreign commerce of the United Kingdom during August, reveal a substantial recovery both in export and import trade, according to a dispatch to the *Journal of Commerce*, New York. As values have not increased the improvement indicated is believed to be commensurately reflected in the volume. Total imports of all goods are reported as £88,580,000, representing an increase as compared with £80,760,000 in July, but a decrease from £153,254,000 in August a year ago.

The value of exports of British products is given as £51,340,000, which is an increase of more than £9,000,000 over the July record and the largest total since April. The value in August a year ago was £114,903,000, the loss being more than fifty per cent. Re-exports of foreign and colonial products are stated as £9,990,000, compared with £9,360,000 in July and £13,368,000 in August, 1920. Total exports for the month were £61,330,000, against £52,530,000 in July and £128,271,000 in August, 1920.

"TRADE WITHIN THE EMPIRE"
EXHIBIT PLANNED

"Great Britain must trade with the whole world, but if foreign nations cannot, or do not choose to trade with us on a sufficient scale, it is time to make a long march forward on the pathway of imperial development," declared Winston Spencer Churchill, secretary for the Colonies, in a recent address at the Mansion House in London, where a meeting was held in furtherance of the project of a British Empire exhibition in 1923.

The Prince of Wales also spoke at the meeting and urged that in order to provide employment for the needy, work on the exhibition be begun immediately.

Mr. Churchill declared that the fact that Great Britain had to purchase four-fifths of its food and a similar proportion of raw materials abroad showed the vital necessity of extending the empire's trade.

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58 Wall Street, New York

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Americans seeking a convenient method of paying bills for goods purchased in Paris stores are urged to avail themselves of our special service. By calling at our New York Office arrangements can be made for the direct payment of these bills by check in francs. Our service insures promptness and safety and results in a saving of time and effort to our customers.

Capital (fully paid) - \$4,000,000
Surplus and Undivided
Profits - - - \$625,000

OFFICERS

CHARLES A. HOLDER - President
T. FRED ASPDEN - Vice-President
E. B. MACKENZIE - Secretary
IRVING V. SCOTT - Treasurer

"If things go as they are now," declared Mr. Churchill, "it will become increasingly difficult for us to purchase what is needed from the United States or elsewhere."

"The bulk of our American securities," he said, "were sold to the United States to pay for the equipment of the armies with which we and our allies defended the liberties of the whole world from German aggression, and instead of a credit we have an enormous debt of nearly £1,000,000,000 contracted on behalf of our allies. Therefore we not only lost the advantage we drew from our transatlantic investments, but we have a heavy annual liability to meet.

"In addition we have to pay the United States by our products, or by the services of our mercantile marine for cotton and food and other essentials. If things go on as they are now going on it will become increasingly difficult for us to buy what we need

BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve - - - Lire 383,000,000
Total Assets over - - - " 8,400,000,000

LONDON *Clearing Agents*: Barclays Bank Ltd.

New York - Italian Discount & Trust Co.

Massowa - Banca per l'Africa Orientale

Tiflis - Banca Italo Caucasica di Sconto - Rome

Zara - Banca Dalmata di Sconto

OVER 152 BRANCHES AND AGENCIES IN ITALY

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Every Kind of Banking and Exchange Business Transacted

from the United States, while the general impoverishment of different parts of Europe and Asia will gradually diminish our opportunities for selling. This is an outlook that makes it more necessary for us to develop our empire trade as well as our world trade."

France

FRENCH BUDGET IMPROVEMENT

A budget deficit of 3,647 million francs in 1921, is to be transformed into a surplus of eighty-seven millions in 1922 under the proposed new French budget, details of which have just been received by the Bankers Trust Company of New York, from its French information service.

The new estimates show proposed normal and extraordinary revenue over two billion francs in excess of the present year's estimated receipts, which ex-

penditures are to be lowered by about one and one-half billion francs. Increased returns from present taxation and from doubled tax on business turn over, the latter to be a new feature in 1922, are anticipated.

The following table gives the details:

	Budget 1922	Budget 1921
	(In million francs)	
Estimates		
Normal and extraordinary revenues	25,019	22,852
Normal and extraordinary expenditure	24,932	26,499
Surplus	87	—
Deficit	—	3,647

The budget places France's total debt at 264,341 million francs, of which 35,286 millions, or only about thirteen per cent. is foreign debt. Against this is credited 14,000 millions owed by other nations to France, leaving the total debt at about 250,000 million francs.

It is remarked in connection with the foreign debt that 6,290 million francs are what is called "commercial debt"

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital and Reserves . . . f110,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

Representative for the United States

J. G. van Breda Kolff

14 Wall Street, New York

and the balance is classed as "political debt," 18,511 million francs being due to Great Britain and 15,285 million francs to the United States.

AMERICAN INTEREST IN FRENCH INDUSTRY

Informal discussions are taking place in Paris between American financiers with the purpose of establishing closer cooperation between American banking interests in France and evolving practical methods for helping French industries through these institutions. Five of the largest American banks and trust companies have offices in Paris.

The board of directors of the Banque de Paris et des Pays Bas has voted to increase the bank's capital from 150,000,000 to 200,000,000 francs. The Standard Oil Company is said to be financially interested in this bank. A French newspaper, commenting on the increase, said in part:

"In financial circles which are known to have a powerful radius this great

business bank's increase of its capital is considered as an event of considerable importance. It will be received as a most encouraging symptom for those who for some time have foreseen the approaching revival of our financial activity in the world markets."

RETURN OF SMALL COINS IN FRANCE

French people are hoping that they will soon see the last of the highly inconvenient and usually very dirty one and two franc notes used since silver coins disappeared during the war.

The Finance Ministry has announced the issue, beginning September 15, of metal tokens to replace them. The tokens are made of aluminum and bronze alloy with a gilt surface, the values being 2 francs and 1 franc 50 centimes, respectively. Forty millions of francs worth have already been struck, but as a total of 300,000,000 francs worth are required in order completely to replace the paper notes it is

Bank of British West Africa

Head Office, London



BRANCHES IN

Liverpool	Egypt
Manchester	Morocco
Hamburg	Canary Islands
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100 Beaver Street

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expected that these will not have totally disappeared until the end of next year.

The new tokens, like notes, can be exchanged for bank notes at the Bank of France.

Italy

TREASURY RECEIPTS INCREASE

The monthly bulletin for September of the Italian Discount and Trust Company, New York, contains the following:

The receipts of the Italian Treasury for the fiscal year 1920-1921 amounted to almost 11,000,000,000 lire, in comparison with 2,000,000,000 lire for the fiscal year 1914-15 and about 7,500,000,000 lire for the fiscal year 1919-20. Considering the receipts of 1914-15 as a basic index of 100, the increase for the fiscal years 1919-20 and 1920-21 is respectively 371.5 per cent. and 541.7 per cent.

The exact amount of last year's receipts has been fixed at 10,900,000,000 lire, the greater part of which was derived from the following sources:

- 3,994,000,000 lire—Direct taxes.
- 2,608,000,000 lire—Industrial monopolies.
- 1,108,000,000 lire—Indirect taxes.
- 700,000,000 lire — Registration taxes.
- 522,000,000 lire—Commercial monopolies.
- 152,000,000 lire—Lottery.

The actual receipts have exceeded the estimated ones by forty-eight per cent.

NEW TARIFF PROTECTION FOR ITALY

The Association of Italian Corporations has issued a business and financial report giving a survey of Italian trade and industry which sketches the economic situation in Italy, declares a special dispatch to the *Journal of Com-*



Wherever Portuguese is Spoken

Sixty million persons use the Portuguese language as a means of commercial intercourse. Every country where Portuguese is spoken is reached directly through the New York Agency of the Banco Nacional Ultramarino. This institution maintains 78 branches in Portugal, Brazil, East and West Africa, India and the Far East as well as in London and Paris, and has behind it a record of 57 years in international trade.

*The State Bank of the
Portuguese Colonies*

**BANCO NACIONAL
ULTRAMARINO**

New York Agency, 93 Liberty St.
Head Office: Lisbon, Portugal

merce, New York. The last act of the Giolitti Cabinet was the decree by which the new customs tariff was made effective on July 1. It replaces the tariff of 1887, which had become entirely inadequate in view of the enormous increase in the cost of production since the war. Indeed, the Government has been justly blamed for allowing two and a half years to elapse before taking action to meet the changed situation. The new tariff is much more detailed, containing 951 items, against 452; the basic duties may be increased by what is termed an "increment coefficient." The duties are payable in gold (i. e., at the rate of exchange on New York). The lower rates enjoyed by countries under the more favored nation clauses hold good as stipulated in special treaties with France, Brazil, Japan, Greece and Serbia.

With July, Italian trade was freed from the last remaining war restrictions. The rationing of food, and with

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it the Government Food Bureau, is at an end; freedom of business in foreign exchange is resumed; the grain trade is once more in private hands. The control of exports and imports is practically limited to the regulations of imported dye stuffs.

ITALY ADOPTS DOLLAR AS BASIS FOR LIRA

Rome quite recently announced the replacement of the pound sterling by the gold dollar as the standard upon which the Italian lira will hereafter be based. It is, of course, merely a change of the basis for the calculation of duties, etc., payable in gold, and will hardly affect international exchange conditions. The dollar standard was adopted because the United States is Italy's largest creditor and because New York has become the principal gold market of the world since the war.

The dollar maintains an equal par with gold, whereas the pound does not,

and Italy was losing money all the time she used the pound basis in collecting money owed her. All Italian customs duties were calculated on the pound basis, with the result that the Italian treasury lost millions of lire annually.

ITALIAN BUSINESS DEVELOPMENT STATISTICS

The monthly bulletin of the Banco di Roma, Rome, Italy, states that the net total of new capital invested in new business enterprises in Italy during the first six months of this year amounted to about lire 2,100,000,000.

The total additional net capital invested in new business enterprises during 1920 amounted to approximately lire 5,000,000,000, among which are the following lines: banking institutions, about lire 1,000,000,000; metallurgical and mechanical enterprises about lire 650,000,000; textile industries, about lire 550,000,000.

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed Yen 100,000,000
 Capital paid up Yen 100,000,000
 Reserve Fund Yen 53,000,000

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Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
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Calcutta	Hamburg	Kalyuen	Nagasaki	Rio de Janeiro	Soerabaya	Vladivostok
Changchun	Hankow	Kobe	Newchwang	Saigon	Sydney	

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NEW YORK OFFICE - - 120 BROADWAY

Germany

GERMANY'S "PAPER" PROSPERITY

John Moody, president of Moody's Investors Service of New York, has just returned from an extensive tour of Europe, where he made an exhaustive investigation of economic and financial conditions. He visited all of the European capitals and the important industrial sections, interviewing more than a hundred leading bankers, financiers, public men and economic experts.

"The most interesting thing in all Europe today," says Mr. Moody, "is the remarkable situation in Germany. The Germans are at work from one end of the country to the other. They are producing goods in enormous quantities at extremely low costs as measured in dollars. Their crops are good this year,

and the whole population appears to be fully employed, vast numbers of men in the industrial districts working twelve or fourteen hours a day. But this German prosperity is unreal; Germany is carrying on a program of inflation and speculation which is leading her to a financial crash later on.

"Surrounded by the adverse exchange wall, Germany is forced to develop intensive trading activity among her own people. Only in the East can she trade with other countries on anything like an equal basis. The mark has fallen so low, the printing presses are revolving so fast making the mark still less valuable, that the one thought of every German is to get more and more marks for his goods or labor and then exchange his marks for real property.

"The successful man in Germany is the one who converts his money into property with the greatest rapidity. This situation is forcing the inflation of prices and wages. Thus, the present advantage which Germany enjoys of be-

BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

BRANCHES IN COLOMBIA:

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Bucaramanga
Cartagena
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ing able to flood the world with cheap goods is already beginning to be curtailed. Prices and wages, as measured in marks, are certain to soar higher and higher and the time is not far distant when Germany will no longer be able to undersell other countries in the way she is now doing. Then will come the complete collapse of her inflation bubble, and a general house-cleaning of her finances.

"Today there is absolutely no danger of Bolshevism spreading outside of Russia. The enormous failure of the Russian experiment has proved to be the biggest kind of an object lesson to the people of every other country. Today I do not believe that there is as much Bolshevism in Germany as there is in America; and certainly there is practically none in France."

BANK FUR HANDEL UND INDUSTRIE

The sixty-eighth annual report of the Bank fur Handel und Industrie (Darm-

stadter Bank) shows gross profits for 1920 of marks 263,674,036.18, including the amount brought forward from 1919, marks 628,805.64. Of this sum marks 205,169,295.29 was set aside for payment of general expenses, rates and taxes, depreciation on real estate and furnishings and reserve for tax on talons. Of the marks 58,504,740.89 remaining, marks 34,500,000 were allocated to special reserve, to reserve for building purposes, superannuation fund, pensions, insurance for higher officials and pension fund for employees. Of the marks 24,004,740.89 remaining, the following distribution was made:

Share of profits to managing directors and deputy directors	M. 3,226,800.00
Share of profits to board of directors	1,140,000.00
To dividend of ten per cent. on Marks 160,000,000 old shares	16,000,000.00
To dividend of five per cent. on Marks 60,000,000 new shares	3,000,000.00
Carried forward to next year	637,940.89

Far East

GROWTH OF JAPAN'S FINANCE

The *Eastern Economist* has printed the following table showing the growth of Japanese finance from the end of 1914 to the end of 1919, summarized from official sources:

	At the end of August, 1919 Yen	At the end of July, 1914 Yen	Increase Per Cent.
Amount of national debts outstanding.....	2,742,072,978	2,530,162,513	8.2
Coins in circulation.....	227,176,084	179,118,490	26.8
Bank of Japan			
Note issued	1,096,524,268	331,035,396	231.3
Specie reserve	754,116,880	216,503,420	248.3
Tokyo associated banks			
Capitals paid up.....	210,655,220	143,305,525	46.9
Deposits	1,884,663,179	439,100,360	329.2
Loans and discounts.....	1,841,399,001	490,208,937	275.6
Osaka associated banks			
Capitals paid up.....	121,426,449	50,287,625	141.5
Deposits	1,285,140,362	233,319,450	450.8
Loans and discounts.....	1,185,889,035	319,920,556	270.7
Deposits in the Post-office Savings Bank.....	638,518,996	201,687,725	216.6
	One year ending August 31, 1919	One year ending July 31, 1914	
Government railway gross earnings.....	256,016,549	110,511,876	131.7
Foreign trade			
Value of commodities exported.....	1,967,793,489	663,465,643	196.9
Value of commodities imported.....	1,962,653,174	696,485,258	181.8
Total	3,930,446,663	1,359,950,901	189.0
Excess of exports	5,140,315		
Excess of imports.....		33,019,615	
Amount of bills cleared in the clearing throughout the country	67,596,255,507	10,725,252,142	530.2
	For Aug., 1919	For July, 1914	
Average price of securities (in Tokyo)	121.44	47.97	153.2
Average index number of prices of commodities (in Tokyo)	332.23	125.75	164.8

Reproduced from the Nineteenth Financial and Economic Annual of Japan, Appendix, Tokyo, 1919

NEW CHINESE BANKS

According to the Chinese Government's bureau of economic information, the following new banks have been opened in China:

The Tientsin Industrial Development Bank, organized by Chi Yau-san, at Tientsin.

The World Commercial Bank, organized by Mou Chun-teh and others in

Shanghai, with \$1,000,000. Temporary offices are on the top floor of the Chung Fu Union Bank building, Shanghai.

Herr Borch, German charge d'affaires in Peking, is opening the offices of the Deutsch-Asiatic Bank in all treaty ports as the basis of resuming the usual commercial relations, following negotiations with the Ministry of Foreign Affairs, the Ministry of Finance and the Deutsch-Asiatic Bank Liquidation Bureau.

Australia

BANK OF NEW SOUTH WALES REPORT

At the half-yearly general meeting of the Bank of New South Wales, held at Sydney, New South Wales, Australia,

BANK OF ROUMANIA, LIMITED

(Founded 1866)

(Registered in London on 17th April, 1903, under the Companies Acts, 1862-1900)

Head Office: 17, TOKENHOUSE YARD, LOTHBURY, LONDON, E. C. 2.

Branch: 11, CALEA, VICTORIEI, BUCAREST.

Directors:

E. W. H. BARRY, Esq. C. DE CERJAT, Esq. THE VISCOUNT GOSCHEN

GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.

LIEUT.-COL. SIR ALBERT STERN, K. B. E., C. M. G.

Bankers: BANK OF ENGLAND. MESSRS. GLYN, MILLS, CURRIE & CO.

A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

May 31, the half-yearly report for the six months ending March 31 was read by the Hon. Sir Charles K. MacKellar, K. C. M. G., M. L. C., president of the bank. He said in part:

"Since the break of the drought the seasons have been generally propitious for the man on the land and there are hopes of a good harvest next season and a fair prospect of flocks and herds being restored to something like pre-drought numbers. Prices, however, are rather on the down grade, and this must be looked for as one of the conditions of after-war adjustments. It is quite certain that trade generally will have to adapt itself to the changed circumstances—and all round similar adjustments will have to be made. If prices come down, the cost of production must sooner or later come down too. From this chair I have from time to time voiced the opinion of the board that economy in every direction should be the key-note of the country's policy, and never has it been more needed than now. If this is judiciously practiced the sooner will the country get on to satisfactory economic levels and the influences of the war become a thing of the past."

The net profits for the half-year, after deducting rebate on current bills, interest on deposits, paying income, land and other taxes, amounting to £153,428-13-8, reducing valuation of bank premises, providing for bad and doubtful debts and fluctuations in the value of investment securities, and including recoveries from debts previous-

ly written off as bad, were £408,982-4-0. After adding to this the undivided balance from the previous half-year, the sum gained of £573,815-0-0 was distributed as follows:

Interim dividend at rate of ten per cent. per annum for quarter ended December 31	£	s	d
	123,956	10	0
To payment of dividend to March 31 at rate of ten per cent. per annum	124,130	0	0
To bonus of ten s per share on 248,260 shares	124,130	0	0
To augmentation of reserve fund	75,000	0	0
Balance carried forward to next period	126,098	10	0

Mexico

CONDITIONS IN MEXICO TO IMPROVE

The decision of the Mexican Supreme Court, favoring the contentions of American oil interests, and the almost simultaneous arrangement regarding the taxation of oil exports reached by these interests and the Obregon Government, will go a long way toward restoring prosperity in the oil trade in that country, according to Joseph W. Rowe, representative in Mexico of the Irving National Bank, is in New York for a five-weeks' stay.

Not only will the satisfactory ending of the disputes put new life in the oil industry, which has been virtually dead

Accurate Information



THE Monthly Commercial Letters issued by this Bank contain summaries of trade and financial conditions in Canada and elsewhere, carefully prepared from reports forwarded by our 529 branches at home and abroad and by our foreign correspondents.

THESE Letters are found by many to be of great assistance in gauging the general trend of affairs.

We shall be glad to add your name to our mailing list on request

The Canadian Bank of Commerce

Paid-Up Capital \$15,000,000

Reserve Fund \$15,000,000

Head Office: Toronto, Canada

for months, Mr. Rowe said, but its reaction on general trade also will be good and quite far-reaching. Moreover, the court decision and the favorable outcome of the export tax negotiations together have left a feeling that the chances of Mexico and the United States reaching a closer understanding on many points are much improved.

"I doubt if the importance of the Supreme Court's action is generally understood in this country," said Mr. Rowe. "It will be remembered that the new constitution of Mexico was adopted in 1917. One of its articles forbids the retroactive application of its laws. Nevertheless, Article 27 was made retroactive by Carranza decrees. This article declared that the subsoil and all its products were the property of the nation.

"The foreign oil companies did not object to having this applied to new leases. But they did object to its application to leases they had been holding for five, ten or twenty years. This

has been the main point in dispute since the Constitution went into effect, and while the case was hanging fire, the companies curtailed oil development. The best way to settle the question was by a court decision, and almost 250 appeals were filed with the supreme judiciary.

"I am convinced that the decision will be strictly observed by the Government. With it and the export taxation difficulty out of the way, the oil companies not only can resume exporting, but also can go ahead with the exploration and other development work necessary if their great investments are to continue productive.

"The effect on general trade will be felt in this way: Tampico, which is the center of the oil industry, is also the best market in Mexico. Normally, the Tampico district consumes goods as fast as they arrive. The tax on oil exports imposed a few months ago was so high that the companies found it impracticable to sell abroad. As a result, exporting decreased—almost stop-

ped, in fact. The city at that time was heavily stocked with imported goods and sales of these virtually ceased. A congestion followed which has remained unrelieved up to the present, but as activity in oil is resumed, it may be expected the goods will begin to move again."

This is Mr. Rowe's first visit to the United States in a year. In the last few months he has made a tour of Mexico from the Rio Grande to the Central American border, visiting all the principal cities except those in the north-western part of the republic. Of conditions in general he said:

"Business in Mexico is still below normal. Nevertheless, the situation has not been so bad as in the rest of Latin America. There have been no violent fluctuations in exchange. Credit conditions have remained good, and in the last six months there have been no commercial failures of note. Many houses are pressed for ready cash, but they are carrying themselves along. There is considerable unemployment, but much of this is in the Tampico oil district, where the situation now should rapidly improve.

"Successive changes in conditions in the United States were not reflected in interior Mexico until three or four months after they took place here. This was due in part to congested railway conditions at the different ports. When prices in this country began to drop, Mexico had a large volume of goods bought but undelivered. When foreign manufacturers and merchants began to ship, stocks throughout the country were low, and because of the inadequate transportation facilities goods moved inland very slowly. Wholesalers and retailers, therefore, were able to keep up prices and materially to reduce their inventories before the cheaper goods arrived. Merchants in Mexico are accustomed, also, to a wider margin of profit, and can stand a considerable decline in the selling price of their old stocks without serious suffering.

"Except in Tampico, merchandise stocks are not large now. Transportation conditions have much improved in the last few months, and barring the

cities of the northern border, the congestion at the ports of entry has been fairly well relieved. In this respect, Vera Cruz and Tampico should be normal by the end of the year.

"Banks and bankers are generally in a satisfactory condition. Money continues scarce and expensive; the prevailing rates are from fifteen to twenty-four per cent. a year. Internally, the country is quiet. There are no revolutions and no brigandage in any part of the country, nor is there any indication of a revolutionary movement. In a short time the crops—which are reported to be about fifty per cent. of normal—will be moving, and this should aid trade. I believe we can expect Mexico in a few months to begin buying again."

VARGAS TO HIGH MEXICAN FINANCIAL POST

Manuel Vargas, who has been in charge of the financial agency of the Mexican Government in New York since the beginning of the year, has been appointed manager of the *Caja de Prestamos* in Mexico City by President Obregon. Carlos R. Felix, formerly assistant to Roberto Pesqueira when the latter was financial agent in New York, will take charge of the agency.

The *Caja de Prestamos para Obras de Irrigacion y Fomento de Agricultura*, or loan bank for irrigation works and the development of agriculture, was founded in 1908, its function being to extend loans to farmers of small means. The bank was capitalized at 10,000,000 pesos—about \$5,000,000—most of the stock being sold abroad. Bonds, guaranteed by the Federal Government, to a total of 50,000,000 pesos, were also issued, all of which were taken up by the United States and other countries. The total amount of money loaned by the bank during its period of operations was 53,540,000 pesos. The bank ceased operating in 1914, because of disturbed conditions in Mexico, but was reopened in 1919.

"The *Caja de Prestamos* has been producing nothing but losses heretofore," said Mr. Vargas, "and now we



Banking Service in the Far East

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Colombo

CHINA
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Hankow
Hongkong
Peking
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**FRENCH
INDO-CHINA**
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JAPAN
Kobe
Yokohama

JAVA
Batavia
Sourabaya

SIAM
Bangkok
Puket

SUMATRA
Medan

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Penang
Seremban
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Chartered Bank of India Australia and China

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London

New York Agency, 44 Beaver Street
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Capital and Reserve
Over \$30,000,000

are going to work to produce profits, so that our interest obligations on the bonds may be met. President Obregon's first desire is to take care of Mexico's foreign obligations and thus restore our country's credit among the nations."

South Africa

READJUSTMENT PROCEEDING FAVORABLY IN SOUTH AFRICA

Cable advice from the Cape Town office of the National Bank of South Africa to their agency in New York indicates that deflation of inventories and a realignment of business conditions is proceeding along healthy lines in the Union of South Africa. That preparations are already being made for a vigorous increasing of production is

made evident by increased importations of general machinery, electrical machinery and agricultural implements.

The cable follows: "The Union's census of the European population for 1921 is one and one-half million, being an increase of £245,000 or 19.3 per cent. over 1911. Imports for the four months ended April declined by £2,500,000 compared with 1920 period, the heaviest fall being in food and drink, which was nearly £2,500,000 less. There is a considerable drop in soft goods, the main decreases being:

Cotton manufactures by.....	£1,348,000
Apparel and slops.....	998,000
Haberdashery and millinery.....	235,700
Woolen manufactures	176,000
Boots and shoes.....	370,000

The following increased importations:

Machinery by over.....	£1,000,000
Electrical machinery by.....	465,000
Agricultural implements and tools by	367,000
Oils	524,000
Paper	452,000

The percentages of total imports for the month of April are as follows: From the United Kingdom 55.7 per cent., foreign 36.3 per cent. compared with 63.5 per cent. and 24.5 per cent. respectively for the same period in 1920.

Exports for four months register a decline of £18,000,000, the principal contributing decreases being:

Wool	£10,000,000
Diamonds	5,000,000
Hides and skins.....	2,500,000

A more favorable feature is shown in food and drink exports with a gain of £1,500,000, principally due to maize and sugar with gains of £865,000 and £650,000 respectively.

Coal shows a gain of £289,000, and asbestos £289,000. Overseas cargoes landed decreased by 60,000 tons. Cargoes shipped increased by 149,000 tons.

Central Europe

BOHEMIAN INDUSTRIAL BANK

One of the most progressive of the Central European banks is the Bohemian Industrial Bank (Ceska Prumyslova Banka), of Prague, Czechoslovakia. It is now engaged in widening its banking connections in the United States. In a recent letter sent to banks in the United States, was the following:

"We are taking the liberty of handing you attached herewith our latest financial statement, especially prepared for the purpose of acquainting the foreign bankers with our institution and to inspire their confidence to enlarge, eventually to initiate, transactions in our country."

The latest statement of condition of this bank, that of December 31, 1920, is as follows:

ASSETS

Cash on hand.....	Kc. 59,917,342.90
Balances with other banks	109,955,018.22
Drafts, bills receivable, for currency, etc.	4,688,968.43
Bills of exchange.....	55,434,173.02
Securities	110,430,796.95
Participations in various trusts, syndicates and establishments	47,433,300.76
Loans	844,598,743.18
Mortgage loans	16,777,200.00
Real estate	10,012,089.00
Furniture and fixtures.....	917,988.40
Balances due from our customers	110,931,015.60
Miscellaneous assets	6,483,723.67
	Kc. 1,377,580,360.13

LIABILITIES

Paid up capital	Kc. 150,000,000.00
Reserve funds	41,358,681.77
Funds not serving to cover losses	768,782.54
Bonds of own issue.....	17,338,600.00
Deposits	151,933,578.92
Commercial deposits	875,747,894.87
Outstanding coupons of our bonds	81,639.00
Unpaid dividends	347,774.00
Transient liabilities	10,245,833.93
Current liabilities	110,931,015.60
Other liabilities	355,194.11
Undivided profits	18,471,364.39

Kc. 1,377,580,360.13

The bank has branches throughout Czechoslovakia, foreign branches at Vienna, Austria and Ljubljana, Jugoslavia, and an affiliated bank, Hungarian-Bohemian Industrial Bank, at Budapest, Hungary.

FOREIGN CONTROL OF AUSTRIAN BANKS PLANNED

The monthly report of the Anglo-Austrian Bank, Vienna, Austria, for July, has the following to say with regard to the plan to permit foreign banks to gain control of Austrian financial institutions:

"The plan to convert the Laenderbank into a French and the Anglo-Austrian Bank into an English institution has been formed in connection with the question of the payment of the pre-war debts; both banks were to meet their foreign creditors by the issue of new shares, a procedure which in any case must mean a great alleviation of

National Bank of Commerce in New York

ESTABLISHED 1839

STATEMENT OF CONDITION

SEPTEMBER 6, 1921

Resources		Liabilities	
Loans and Discounts	\$253,625,917.86	Capital Paid up	\$25,000,000.00
U. S. Certificates of Indebtedness	6,603,948.58	Surplus	25,000,000.00
Other Bonds and Securities	6,891,325.97	Undivided Profits	10,485,230.13
U. S. Government Securities		Deposits	304,233,980.87
Borrowed	2,500,000.00	U. S. Government Securities Borrowed	2,500,000.00
Stock of Federal Reserve Bank	1,500,000.00	Bills Payable with Federal Reserve Bank	6,000,000.00
Banking House	4,000,000.00	Reserved for Interest and Taxes	
Cash, Exchanges, and due from Federal Reserve Bank	101,195,684.67	Accrued	4,279,454.08
Due from Banks and Bankers	7,011,238.00	Unearned Discount	1,951,140.68
Interest Accrued	524,388.26	Letters of Credit and Acceptances	33,770,470.72
Customers' Liability under Letters of Credit and Acceptances	30,717,773.14	Other Liabilities	1,350,000.00
	\$414,670,276.48		\$414,670,276.48



Austria's position. For, quite apart from the fact that, according to the peace treaty, the state is ultimately responsible for such pre-war debts, it can only be to the advantage of Austria's economic condition if the foreign money needed for this repayment is furnished not by her but paid with shares. Through such payment new capital in foreign currency is provided which will open up for Austria new possibilities of development."

The bill permitting the transfer of head offices of Austrian banks abroad will come up for legislative action in the autumn.

South America

EXCHANGE FLUCTUATIONS

Willard Shrewsbury, manager of the Buenos Aires branch of the National

City Bank, New York, Lee C. Shearer, manager at Montevideo, and Lloyd W. Berry, manager at Rosario, have returned on the Munson liner *Aeolus* from Buenos Aires.

Mr. Berry reports on the difficulty—almost the impossibility—of customers protecting themselves against exchange fluctuations. These changes appear to be unaccountable. At one time the demand for \$100,000 will upset the market several points while the next day the purchase of five times that amount will have no influence on levels. While the Argentine paper money is still "guaranteed" with gold in the Conversion Bank, Mr. Berry admits that the guarantee is "temporarily inactive" and may remain so permanently.

Some business houses represented in Argentina, who are carrying heavy reserves of paper money in the hope that exchange conditions will improve, are now borrowing against this money as security. Mr. Berry believes the many millions of pesos in the banks there in the accounts of the American fund are

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus

\$14,937,988.98 Argentine Gold

equal to \$14,413,343.28 American Gold

We Specialize in the Investment of Foreign Capital in State, Mortgage, Industrial and Public Utility Bonds and Shares

Money on Mortgages Placed Direct

BANKING TRANSACTIONS OF ALL KINDS

We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

We will be Pleased to Serve You in All Business Relations with the Argentine and Contiguous Countries

CORRESPONDENCE IN ALL LANGUAGES INVITED

latent demands for dollar drafts and constitute a "sword of Damocles" hanging over the present rate. Should all American and English companies decide to remit, the exchange value of the peso or milreis would drop out of sight, so that it is really the foreign exporter who is maintaining these exchanges at the present rates.

Many banks in Argentina and Brazil have loans out on wheat, wool, coffee and cattle—all of which are down and likely to cause heavy losses. It is understood that a big bank loaned up to 175 pesos per head on cattle which are now selling at 25 and it is beginning to write off the loss. However, an important improvement in South American trade through some ports is pointed out by Mr. Berry.

GERMAN COMPETITION OVERRATED

Representatives of the United States Department of Commerce report that German competition in South America

is not so severe as was at first indicated. Rumors of ruinous German trade, they say, have been greatly exaggerated. The reduced purchasing power of Latin-American countries, they point out, is still acting unfavorably on all exporting nations, including Germany.

August cables to the department indicate that in some manufactures the quality of German goods and their deliveries are not so satisfactory as before the war, probably because of war-time losses of skilled artisans, heavy taxation burdens, inadequate stocks of raw materials, and retarded industrial reconstruction. Some contracts, the reports declare, have been refused for these reasons. Furthermore, low price levels in Germany have apparently encouraged a tendency to undertake more contracts than can be fulfilled. It is entirely improbable also, the Department of Commerce says, that German exporters can continue to provide bona fide credit facilities superior to those



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render
exceptional service
in exceptional times

CAPITAL AND
SURPLUS
\$3,000,000

of their competitors. Even admitting the present advantages of German exporters, the department points out, they are apt to be of a temporary nature in view of the artificial basis upon which many industries in Germany now operate.

Scandinavia

DISCOUNT RATE REDUCED BY THE NORGES BANK

The Norges bank reduced its discount rate of seven per cent. by half a point on July 6, and on the same day the rate in Denmark and Sweden was lowered to six per cent. A reduction from seven per cent. to six and one-half had been made in Sweden on May 4 and in Denmark on the following day. The simultaneous action on July 6, by which the Norwegian rate was cut to six and one-half per cent. as against

six per cent. in Denmark and Sweden, is believed to have been taken in pursuance of an agreement among the three Scandinavian countries, according to Christiania reports.

The process of liquidation has been moving slowly in Norway. Previous to the reduction in the discount rate, bank loans had been reduced, but there had been a falling off in deposits also. A lower rate was advocated in some quarters on the ground it would alleviate the depressed condition of business and industry.

Movements in the note circulation in June apparently bore out that contention. Normally there has been an increase in the month of June, but in the first three weeks of that period this year the Norges bank statement showed a progressive decline in outstanding notes. The total, in millions of kroner, dropped from 409 on June 7 to 402.4 on June 15 and again to 399.4 on June 22. The week ending June 30 brought an increase to 418.4, but the level for that date under normal seasonal demands should have been about 464.

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.



BRANCHES: ILOILO AND ZAMBOANGA

JUAN DE ORMAECHEA, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.

(\$0.50 = 1 peso)

Capital fully paid-up (pesos) 6,750,000.00

Reserve Funds 5,972,500.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir National d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial National Bank

Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

International Banking Notes

The Fifth-Third National Bank of Cincinnati, Ohio, has published an interesting little book entitled "Hints on Export Translations." Dean Herman Schneider of the University of Cincinnati in the "Foreword" gives the purpose of the booklet as follows:

"This little volume is prepared as a simple working chart for those embarking on foreign trade. Its use will save many a cargo, and its suggestions as to further study will prevent the wrecking of developing opportunities."

The bank has enough copies to mail free to any address. It expresses the hope that the booklet may encourage the production of larger and more adequate works on foreign correspondence, by specially qualified writers.

©

The twenty-first report of the directors of the Australian Bank of Commerce, Ltd., was presented to the annual general meeting held at Sydney, New South Wales, Australia, July 26, 1921. The report, for the year ended June 30, shows net profits, after

deducting provision for bad and doubtful debts, rebate on current bills, expenses, fees and interest on fixed deposits, rates, and graduated land and income taxes for the year, of £139,578-6-8. This was disposed of as follows:

	£	s.	d.
Transfer to reserve fund.....	50,000	0	0
Transfer in reduction of bank premises account	10,000	0	0
Interim half-yearly dividend at six per cent. per annum paid in January	36,000	0	0
Final half-yearly dividend at seven per cent.	42,000	0	0

There was left to be carried forward to next year £30,391-3-8, being an increase of £1,578-6-8 over the amount brought forward from last year.

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Nuevo Banco Italiano of Buenos Aires, Argentina, announces that the value of its stock on the Argentine Bourse has increased from \$100 to \$305.

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Col. S. Graae, widely known civil engineer, has gone to Buenos Aires, Argentina to perfect the organization of the new American Trade Bureau; the field of which will be Argentina, Uruguay, Paraguay and

London and River Plate Bank, Limited.

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(35=£1.)

CAPITAL (Authorized)	-	-	-	-	\$20,000,000
SUBSCRIBED CAPITAL	-	-	-	-	15,000,000
PAID-UP CAPITAL	-	-	-	-	10,200,000
RESERVE FUND	-	-	-	-	10,500,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
SIR RICHARD V. VASSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARBS BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Macao, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. **URUGUAY:**—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago, Antofagasta. **UNITED STATES OF COLOMBIA:**—Bogota. **PARAGUAY:**—Asuncion.

Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM R. HOBBS, AGENT.

Bolivia. The object of the bureau is to aid in the development of American business in South America.

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The fifty-fifth ordinary general meeting of the shareholders of the Commercial Bank of Australia, Ltd., was held at Melbourne, Australia, August 4, 1921. The report of the directors for the year ended June 30, 1921 shows net profits of £237,772-2. Upon adding the amount brought forward from the previous year £16,257-14-1, the total of £254,029-16-1 was disposed of as follows:

	£	s.	d.
To reinstatement of capital.....	135,000	0	0
To reduction of bank premises.....	10,000	0	0
To interim dividend on preference shares paid February, 1921.....	42,347	0	0
To dividend on preference shares at four per cent. per annum.....	42,347	0	0
To dividend on ordinary shares at fifteen per cent. per annum.....	11,013	11	6
To carry forward to next year.....	13,322	4	7

The bank during the year opened branches at Randwick in New South Wales, Hanson street, Adelaide, South Australia, Coolangatta and Townsville in Queensland, Longford, Swansea and Whitemark in Tasmania, and Gisborne in New Zealand.

The receiving offices at Whittlesea in Victoria, Cronulla in New South Wales, South Brisbane and Wynnum South in Queensland, and Sorell in Tasmania have been converted into branches. The branches formerly conducted at Stanhope in Victoria and Woodbridge in Tasmania have been closed, and that at West Burleigh in Queensland has been converted into a receiving office.

A. W. Palfreyman was elected to a seat on the board to replace the late Hon. Duncan E. McBryde.

©

The American Express Company has opened eight new offices abroad, at Athens, Piraeus, Constantinople, Alexandria, Jerusalem, Calcutta, Tientsin and Peking.

©

The twelfth annual convention of the American Manufacturers Export Association at the Hotel Waldorf Astoria, New York, October 5 and 6 brought together a large number of commercial attaches, trade advisers and special representatives of different countries. The many vital problems facing export manufacturers due to the ex-



"The Swedish Bank
of Commerce"

Svenska Handelsbanken STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

change situation were thoroughly discussed.

©

The fifty-third half-yearly report of the directors of the Punjab National Bank, Ltd., Lahore, India, for the period ending June 30, announced an interim dividend at the rate of fourteen per cent. per annum. The progress of the bank in the half year is shown as follows:

	December 31, 1920	June 30, 1921
	Rupees	Rupees
Paid-up capital	18,33,254	20,13,801
Deposits	3,09,25,085	3,79,20,487
Investments	2,74,00,980	3,24,24,573
Gross income	13,49,142	14,89,980
Net income	3,59,739	4,04,043
Working capital	3,69,82,670	4,37,43,602

During the half-year the authorized capital of rupees 50,00,000 was fully subscribed.

©

Plans are being discussed in Yokohama, Japan, for the establishment of a silk bank, the proposed capital being yen 200,000,000. The promoter is I. Wakao of Yokohama and the Yokohama Chamber of Commerce and the Economic Investigating Committee,

an official body, are said to be interested. The plan is to issue 4,000,000 shares of yen 50 each, one-quarter paid up, and it is understood the government will be asked to shoulder responsibility for the unpaid amount by an issue of treasury bills to run one year. If this is done, it is thought the bank will become a semi-official institution.

©

Word has been received by the New York agency of the National Bank of South Africa, Ltd., at 44 Beaver street, that Hugh Crawford, chairman of the board of directors of the bank, would relinquish his seat on December 31, this year. J. R. Leisk, C. M. G., will assume the chairmanship and will combine with it the office of managing director, it is understood.

The board of directors also announces that E. C. Reynolds, managing director and general manager of the bank, having completed more than thirty years of service, has expressed a desire to retire on a pension and the board has acceded to his request effective September 30. The vacancy thus created in the office of general manager will be filled by the appointment of W. Dunlop.

deputy general manager, effective October 1.

The National Bank of South Africa, Ltd., is one of the big South African banks. It has paid-up capital and reserves of more than twenty-one million dollars and maintains nearly 500 branches distributed throughout the principal towns in the Union of South Africa, South West Protectorate, Rhodesia, Nyasaland, Portuguese East Africa, Kenya Colony and Tanganyika Territory.

◎

The Banco di Roma has opened a new office in Pera, Constantinople, according to advices received by Rodolfo Bolla, New York representative of the bank. This is the third branch opened in that territory.

◎

Dr. Manuel M. de Yriondo, chairman of the board of directors of the Banco Mercantil Agrícola de Buenos Aires, has announced that an American-Argentine syndicate effected the purchase on August 31 of the stock of that bank formerly held by the Mercantile Bank of the Americas, New York; that the new board of directors will be composed of men representing important interests in American-Argentine finance and trade; that the management and staff will

be composed of Americans and Argentines experienced in American-Argentine trade and international banking.

That the name of the bank may more clearly define it as an American-Argentine institution, application has been made to the minister of justice to change its name to the "American Bank of the River Plate." Dr. Yriondo and his associates believe that the American Bank of the River Plate will at no distant date be one of the leading factors in American-Argentine trade. The friendly relations which this bank has enjoyed with other American banking institutions will be continued, and the bank offers its service in cooperation with institutions having the advancement of American-Argentine trade at heart.

◎

During the first week in July, according to the September issue of the *Trans-Pacific*, the Bank of the South Seas was formally opened in Shanghai, China. It is an institution founded by Chinese abroad, particularly in the South Seas, and is capitalized at taels 20,000,000, of which a fourth is paid up. The total deposits received on the first day of business were taels 9,500,000.



Book Reviews

THE AMERICAN RAILROAD PROBLEM.

By I. Leo Sharfman. New York: The Century Company.

The object of this volume is to provide for the intelligent citizen—including the large inarticulate public, as well as the student, the publicist, the legislator, the business man, and the railroad security-holder, executive and employee—an analysis of the American railroad problem as it presents itself today. The historic antecedents of this problem are briefly traced; the trend of the more recent railroad developments, particularly as manifested in the war administration of the railroad, both under unified private operation and under Federal control, is carefully de-

scribed and evaluated; the essentials of reconstructive policy are subjected to searching examinations; and the elements of the adjustment which accompanied the restoration of the railroad properties to private management are set forth in detail.

This study represents an attempt to present the essential facts of the American railroad problem and to interpret them impartially from the standpoint of the public interest, taking into account their compelling relationship to the organic needs of our dynamic industrial institutions, to the inhibitions of the prevailing social psychology, and to the dictates of the dominant political philosophy.

COSTS, MERCHANDISING PRACTICES, ADVERTISING AND SALES IN THE RETAIL DISTRIBUTION OF CLOTHING. A survey made by the Bureau of Business Research Northwestern University School of Commerce; Horace Secrist, director; in cooperation with the National Association of Retail Clothiers. (Six volumes) New York: Prentice-Hall, Inc.

The six divisions of the survey form a series that not only brings together a large mass of merchandising information, but also presents the results in a manner which may readily be understood by all business men and used to gauge their own costs and merchandising practices. These results have been arrived at by an intensive study of detailed figures submitted by the member stores of the National Association of Retail Clothiers for the typical years 1919, 1918 and 1914.

Every factor in retail distribution—types and locations of stores, sales and sales ratios, turn-over, etc.—has been carefully studied and analyzed. These factors have been isolated and their relative importance and influence accurately determined. In many instances it has been shown that many factors which have generally been considered comparatively unimportant are, on the contrary, of great influence.

The survey renders a distinct service in furnishing specific information as to costs and practices for stores operating under given conditions. Every retailer wishes to know what his selling expense, turn-over, advertising outlay, and other items should be. Such knowledge enables him to operate more efficiently and more profitably.

There are six volumes in uniform flexible binding; 700 pages, 6x9 inches, including over 500 maps, charts, and diagrams.

THE MIRRORS OF WASHINGTON (anonymous). New York: G. P. Putnam's Sons.

Etched with acid, these portraits of fourteen of the political leaders of the times stand out with a distinctness that is startling and life-like. The reflecting mirrors are of burnished steel, and what one sees in them is cold, glittering and hard. But anyone familiar with the public careers of this famous fourteen would be hard put to it to deny the faithfulness of the portraiture.

There are the pictures—wrinkles and all, with not a single marring feature softened by a kindly or reverent touch. Few writers since the days of "Junius" have written more incisively than the unknown author of "The Mirrors of Washington." Fourteen portraits and an equal number of cartoons by Cesare embellish the volume.

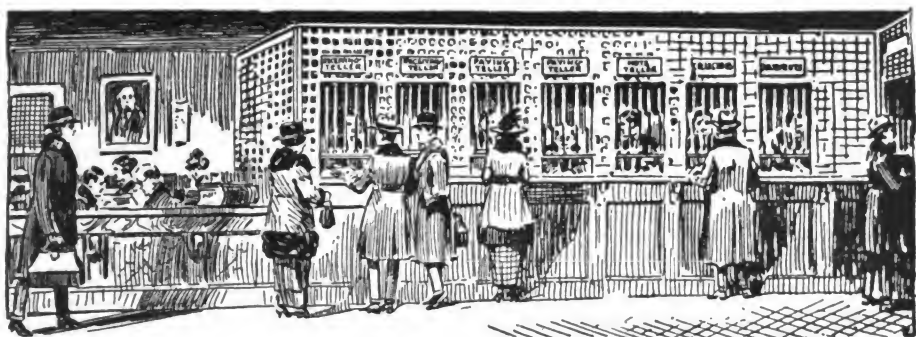


FOREIGN EXCHANGE, BEFORE, DURING AND AFTER THE WAR. BY T. E. Gregory, B.Sc. London: Oxford University Press.

The author of this interesting little book on foreign exchange has written it to make clear the underlying principles to the inexpert reader. He defends the idea that the exchanges are dislocated because of inflation.

Such chapter headings as: *The Market and Its Meaning—How to Read the Exchange Article—Exchange Fluctuations and the Balance of Indebtedness—Pre-War Methods of Regulating the Exchanges—Foreign Exchanges During the War—Present Position of the Exchanges—Remedies*—show how thoroughly the subject has been discussed.





Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

A CERTAIN eastern bank talks in a homely, friendly fashion to its public through its advertisements. The ads are not dressed up; they are in plain, readable type, with no display except the heading and signature, but their very friendliness causes them to be widely read and commented upon. I asked the treasurer who wrote them, and his reply was that "We all have a hand in it, they are sort of composite productions, passed upon and put in final shape by the president of the bank. We get a lot of fun out of it." Fine spirit, isn't it?

⊙

I heard a "fresh" clerk kill a perfectly good piece of business for his bank the other day—just by being fresh.

⊙

A man tried to tell me the other day that the two savings banks in his town were "not competitors but worked together for the good of the town." Strikes me that if they would compete in a fair and legitimate way they'd do the town and themselves a lot more good.

⊙

A certain suburban bank, for many years housed in an unattractive building on the town's principal square, finally erected a fine new building of attractive design. Within two years the whole aspect of that town square had changed, for other property owners had

brought their properties up to the standard set by the bank. Incidentally the bank financed nearly all of the activity they had created by their example, so the new building earned the bank a good deal of money in a wholly unexpected way.

⊙

The big banks that are teaching their customers how to build up their foreign business are performing a service to the whole country.

⊙

A week or two ago I was waiting in a small bank to see the treasurer. He was talking with a foreigner about a loan on a piece of real estate. Apparently there was no one in the bank who spoke the latter's language, as there might have been in a large city bank, and the foreigner's knowledge of English was very limited; but what pleased me was the patience and courtesy with which the treasurer handled the case. You could fairly see the foreigner's feeling of fear and suspicion melt away. The business was put through finally, and when the treasurer put out his hand to his somewhat grimy customer the latter grasped it with both hands in a grip that spoke volumes of gratitude and friendship.

⊙

In an eastern city there is a bank—a fairly large one—that has a record for the smallest number of changes in its clerical force. The remarkable thing

about it is that only a few years ago it was almost a by-word in local banking circles that "no one stayed there any longer than he could help." Then the bank changed hands; a man who was not only an able banker but a regular

he-human-being went in as the head of the institution. He made the whole force feel as though they were working with him rather than for him, and now you couldn't pry a man away from that bank with a crowbar.



Why Are We So Pleased With Ourselves?

A Message from Kansas City

By Albert Newman

Vice-President Commerce Trust Company, Kansas City

IT'S an old saying that a man from Kansas City wastes little time in letting that fact be known. In a few words we want to let you know the reasons why.

It is in this country that so many and such quantities of the necessities of life are produced. We have been blessed with an abundant wheat harvest, the prompt sale of which has already lifted quite a load of debt from the banks, enabling the Kansas City banks to almost eliminate their indebtedness to the Federal Reserve Bank, and this without undue pressure on any industry.

It is the same ability to produce the real necessities of life, such as grain, meat products, coal, oil, lumber, cotton, wool, lead and zinc, that will further enable us to liquidate our indebtedness and lend a hand in starting the commerce of the world to a normal basis. It is true we are getting for these products a much lower net return, and in turn our paying and purchasing power has been reduced, but situated as we are in the land of such abundance and with our ability to produce at less cost and our disposition to be more prudent in our own expenditures, we feel that we are in a position to bring about a more favorable trade and financial condition.

There is little disposition to curtail the productive capacity of our fields or herds, for we fully realize that quantity production will make for cheaper

living costs as well as for the employment of more hands. Our farmers and stockmen have taken severe losses during the past two years, but why should they expect to escape the results of the world war over-production and the results following the bankruptcy of most of the known world. It cannot be done. We must all share in this readjustment and the farmer and stockman and the lumber and metal producer, as well as the oil man have already taken their full share of slackened demand and reduction in prices.

From now on, we will produce all these commodities at lower costs, and be content to sell them on smaller margin of profit. This will create more stable business conditions at home and will permit of more liberal purchases abroad by our worthy but more unfortunate neighbors across the seas.

On account of our ability to supply the essential products in such large quantities, and at such low costs, we feel that our economic position will improve with the first sign of stability and ability to trade, manifested by other parts of the world.

We should join in any reasonable effort made to assist in financing other countries in the purchase of our surplus stocks, keeping in mind that we must be just, as well as generous.

We are better off today than we were a year ago, and we will be still better off one year hence.

Banking and Financial Industry

SPECIAL

**BANKERS
MAGAZINE**

SECTION

Tax Problems Quickly Solved

THE Tax Department of H. M. Webster & Company is in a uniquely favorable position for handling tax problems.

The long banking experience of this department, and of H. M. Webster & Company as a whole, makes possible a quick lifting of a load of detail in figuring tax returns.

It is because of these unquestioned facts that more and more banking institutions are relying upon H. M. Webster & Company to solve their tax problems.

*We should be very glad to make an
immediate response to your inquiry*

H. M. Webster & Company

CERTIFIED PUBLIC ACCOUNTANTS

**25 West 43rd Street
New York City**

Telephone—Vanderbilt 1908

Southern Bldg.
Washington, D. C.

82 State Street
Albany, N. Y.



THE Charlotte National Bank, Charlotte, N. C., is built entirely of granite for the lower part and granite terra cotta to match for the upper portions so as to save weight.

The other banks in the community are mostly tall buildings and this was built so as to be known as the bank with the columns, as the columns are said to be the heaviest granite columns in the states of Virginia, West Virginia, North or South Carolina.

The building as designed has special provisions for extending it both vertically and horizontally so that when the bank needs more space they will not be compelled to make unusual operations to enable this to be accomplished. The building was designed by

Alfred C. Bossom
Bank Architect and Equipment Engineer
680 Fifth Avenue, New York

Correspondence Invited



Roumanian House, New York, Office of Banca Marmorosch, Blank and Co.

Banca Marmorosch, Blank and Company

IN the economic development of Roumania, Banca Marmorosch, Blank & Company of Bucharest has played a conspicuous part. This institution with total resources of over two and a half billion lei has been closely identified with railroad construction, maritime development, and has taken important parts in state, district and municipal loans.

It has contributed to its utmost capacity toward the enlargement and development of Roumanian commerce and industry, and in the furtherance of institutions of public education.

Aristide Blank, director of this institution, who came to New York last winter to establish a New York agency, stated that he considered Roumania as potentially the richest country in Eu-

rope, and that his country was looking to the United States for necessary assistance in developing her wonderful resources in raw materials.

"We need," said Mr. Blank, "more than anything else, cotton, railway supplies and machinery of all sorts to equip and develop our lands and implements to equip our farms. The United States has all of these things in abundance. By supplying Roumania's needs in raw materials and machinery and by extending the necessary credit for a period of, say from five to six years, to enable us to pay for them through our own productive efforts, the United States will be taking a long step toward the readjustment of world conditions."

An important step in bringing about



Main Banking Room, Manager's Office in Rear

these closer economic and financial relations between Roumania and the United States has been the organization of the New York agency of Banca

Marmorosch, Blank & Company, which is situated in Roumanian House on lower Broadway, illustrations of which will be found accompanying this article.



Office of the Manager



Executive Delegate's Office

To return to Roumania, it is interesting to note that Banca Marmorosch, Blank & Company, has contributed financially to some of the most important Roumanian railroads, including the following: Bucuresti-Predeal, Buzau-Nehoiias, Marasesti-Roman, and Iasi-Dorohoi.

Furthermore, the bank has a controlling interest in the following transportation companies: The "Romania" Maritime Company, The Danube Navigation Company, The Buzau-Nehoiias Railroad, and The Paris, Bucharest and Constantinople Aviation Line, which is at present flying between Paris and Warsaw.

The bank has participated in the following loans: The Loan of 1895, The Loan of 1916, The Reconstruction Loan of 1920 and also loans of the cities of Bucharest, Ploesti, Buzau, and Iasi.

In the 1920 loan of one billion lei, about forty-five per cent. or four hundred and fifty million lei were turned into the Roumanian Treasury by Banca Marmorosch, Blank & Company.

The bank is also interested in a number of other important private enterprises in which it has large interests.

As an indication of the importance of closer relations between Roumania and the United States, the following interview which was given out by Aristide Blank while recently visiting the United States will be of interest to American readers:

"Agriculturally Roumania is the granary of Europe and under normal conditions is capable not only of supplying her own needs in foodstuffs, but has enough surplus left as a result of her annual harvests to absorb all of the country's indebtedness incurred by participation in the war. But for lack of foreign money and necessary machinery with which to take her products from the ground, our progress toward economic independence is being retarded.

"I say retarded, because we in Roumania have no doubts of our ability to work out our own problems successfully and unaided if need be; but without financial assistance, either through



One of the Consultation Rooms

a loan to the Government, or through credits over a long term, the process will naturally be prolonged. Obvious-

ly, however, the rapidity with which Roumania, and other world nations burdened by the indebtedness incurred



Foreign Exchange Department



Head Office, Banca Marmorosch, Blank and Co., Bucharest

through participation in the war and the resultant dislocation of world exchanges, can be placed on their own economic legs, so much the sooner will the progress toward world commercial readjustment be advanced.

"Perhaps one of Roumania's greatest advantages is the fact that the people are accustomed to work and are now working to better their condition in the face of great obstacles. With money to aid them in their efforts to make available the country's great resources, much would be accomplished toward the stabilization of international conditions.

"Assuming that the United States would be willing to extend to Roumania the necessary money or credits there is no doubt of Roumania's ability to pay. Her indebtedness today is per-

haps more amply secured than that of any European nation. The average grain crop produced in one normal year in excess of our own domestic needs more than equals in value the whole of Roumania's foreign debt. The average yearly yield exceeds eleven million tons of grain. Approximately five million tons are consumed at home. Thus six million tons are available for export.

"Beyond the agricultural resources of the country are its other natural riches—oils and minerals. No one can estimate the value of our oil resources. The most conservative estimate places the potential value of Roumanian oil fields at more than 300 billion lei.

"All these riches are only important if they can be made available to the uses of industry and commerce. Machinery and tools are necessary. Here



MAURICE BLANK
Director General

Who in spite of long years of service in the institution, being today seventy-three years old, is still the guiding spirit of the bank and its commercial and industrial affiliations.



ARISTIDE BLANK
Director

Studied law in Bucharest, Roumania and since 1900 has served in various capacities in the bank, today being director of the bank. He represented the Roumanian Government at various times in financial transactions abroad and signed for the Roumanian Government at the late conventions in London and Brussels.

again we reach the necessity for money and credit to supply the working equipment.

"Much has been written and spoken of Roumania's unfriendly attitude toward outside capital," continued Mr. Blank. "This may have been in a sense true in the past, but today Roumania invites outside participation in her development. Any money that comes into Roumania now will find not only great profit for itself, but unparalleled opportunities for future participation in our national industrial expansion.

"Roumania likes America and wants to do business with the United States. We should welcome assistance from the United States with open arms and with promise of the utmost cooperation. But necessity knows no bedfellow. Prior to the war Roumania was a large customer of Germany. Principally because Germany would grant the necessary

credits. She might sell us goods at higher prices than we could buy them elsewhere, but the long credits, which were of such vital importance, attracted our patronage. Circumstances may again drive us into the German markets.

"Another factor of importance is Roumania's relation to Bolshevism. Roumania will never become Bolshevistic. Socially, my country is not fertile ground for Bolshevik propaganda. First because our Government by its action two years ago in dividing up large estates and allotting small parcels to the peasants counteracted effectually any attractions Bolshevism might have. Once a landowner, Bolshevism ceases to be desirable to a peasant.

"Further we have no so-called working class in Roumania. Of our entire population of 17,000,000 people, approximately 15,000,000 are peasants

who live on farms. Our laboring class numbers less than 200,000 people of which perhaps half are unionized or affiliated with the international labor organizations. Any difficulty that might arise from this source would be without effect on the great mass of our population. In view of all these facts, I am confident that American bankers will find some way to extend the necessary financial assistance to Roumania."

In an interview given at the exhibition of Roumanian textiles and craft work in New York, fostered by the Banca Marmorosch, Blank & Company, Arthur Zentler the executive delegate of the New York agency of the bank, took occasion to explain more fully the advantages which Roumania is deriving from the Agrarian Reform passed into law last July as well as some industrial laws recently passed. He says: "The Roumanian Agrarian Reform will be of great and lasting benefit to the peasant and therefore to the country. A law passed last July enables the peasants to own their own land, and as soon as they become accustomed to this new prosperity they will take every advantage of it. It is only natural that they should work better for themselves than they would for a master who was always absent. This law followed a decree issued when Roumania entered the war in 1917. Up to that time the land was in the hands of a minority of large land owners. There were 3,800 of these owning from 2,000 to 4,000 hectares each, a hectare being 2,741 acres. Now only 500 hectares are allowed per person. The result of this act is not only profitable to the peasants but also to the original land owners who must now give their personal attention to the land remaining to them and see that it is worked to advantage.

"The present project of an industrial law will protect infant industries as only industries showing at least twenty per cent. profit on their invested capital will be taxed, this tax being progressive."

In another interview given by Arthur Zentler late in August shortly before leaving for Paris to attend a conference



ARTHUR ZENTLER

Executive Delegate, New York Agency

While of Roumanian birth is a citizen of the United States and has lived here for over twenty years. He stepped into banking out of professional life during which he was connected with Columbia University, Advanced Teaching.

at the Paris branch of the bank, he pointed out that Roumania was the second smallest debtor nation after the United States of America among the allied nations who fought in the recent war, and that while Roumania's wealth could easily be estimated at 50,000,000,000 lei gold its external indebtedness was only 4,000,000,000 lei gold, this being a proportion of 12 to 100 which is very small compared with other nations.

Upon his return from Europe Arthur Zentler gave out the statement that the Banca Marmorosch, Blank & Company's total business for the first half of 1921 was eighty six billion lei as against ninety-two billion lei for the entire year of 1920.

The board of directors of Banca Marmorosch, Blank & Company consists of the following gentlemen: Presi-



Main Foyer at Head Office, Bucharest

dent, Al. Constantinesco, former Minister, senator; vice-president, Maurice Blank, executive delegate and director general. Members: Constantin Banu, member of the Chamber of Deputies; Andre Benac, administrator of the Banque de Paris et des Pays-Bas and of the Societe Generale pour favoriser le developpement du Commerce et de l'Industrie en France, Paris. Aristide Blank, director; Jean Boamba, counselor-at-law; General C. Coanda, former premier, president of the Senate; Michel Desliu, former vice-president of the Chamber of Deputies; Gr. N. Filipescu, member of the Chamber of Deputies; Edouard Gouin, administrator of the Societe Generale pour favoriser le developpement du Commerce et de l'Industrie en France, of the Societe des Batignolles, etc., Paris; Andre Homberg, vice-president of the executive

board of the Societe Generale pour favoriser le developpement du Commerce et de l'Industrie en France, Paris; Gregoire Junian, member of the Chamber of Deputies; Theodore Laurent, president of the Societe des Usines St. Chamond, Paris; Em. Pantazi, counselor-at-law; Baron I. N. Stircea, former minister; Michel Seulesco, former minister of finance; Toma Stelian, former minister; Achille Levy-Strauss, counselor for foreign commerce of France; Alexandre Vaida-Voivod, former premier, member of the Chamber of Deputies, Richard Soepke, director.

The bank has branches and correspondents throughout Roumania and also branches or affiliated banks in the following cities: Constantinople, Paris, Cavala and Salonica, Greece and Vienna, and an agency in New York.



Place Vendôme, Paris, with the Column Vendôme in the foreground and the former Hotel Bristol, now the Paris office of the Bankers Trust Company of New York

Another American Bank on the Place Vendôme

HISTORICAL Place Vendôme in Paris has been lately undergoing a change that is of significance to the world of international finance, and of particular interest to Americans.

Probably no other public square in the French capital has retained so completely its original outward appearance, and this fact gives to the inward change that is going on a character that might be regarded as a romance of business.

To the resident Parisien no less than to the visitor, the Place Vendôme is a center of attraction. Originally it was the grandiose conception of Louis the Fourteenth, the *Grand Monarque*, who wished to have here, his state palaces. He called to his aid Mansard, the famous architect, who designed the plans. At that time the Place Vendôme was at the edge of the city, but since the end of the seventeenth century Paris has constantly been growing round it, until, today, it is in the very heart of it,



Main hall and entrance from the Place Vendôme



Main hall showing marble table and officers' desks on the right



Travelers department showing writing desks

surrounded by the large hotels, with the principal shopping streets on every side.

In the center rises today, the Column Vendome, with the figure of Napoleon in the garb of a Roman Emperor, on the top. It was Napoleon who had this imposing shaft raised to the glory of his army. Three times, in the political changes that have come about, the figure of Napoleon has been removed, only to be restored later.

The facade of the large buildings forming the square remain today, almost exactly as the great Mansard designed them, indeed so proud is Paris of this architectural monument that a municipal decree protects it from outward alteration. This injunction is so scrupulously enforced that, when repairs are made, the owner of the building is held responsible that every capital, every window, and every door be restored exactly as it was.

WORLD CENTER OF INTERNATIONAL FINANCE

It is behind this admirable ancient facade that the changes of moment are

taking place. The Place Vendome is being transformed into a world center of international finance by the advent of many foreign banking houses. As reported in the issue of *THE BANKERS MAGAZINE* for August 1920, the banking firm of Morgan, Harjes & Co., the Paris house of J. P. Morgan & Co. has installed itself at Number 14. In this number *THE BANKERS MAGAZINE* is able to present photographs of the new Paris office of the Bankers Trust Company, which was opened in September last at Nos. 3 and 5 Place Vendome.

The building of the Bankers Trust Company is one of the most important in the square. It is situated at the corner of the Rue Castiglione, and runs through from the Place Vendome to the Rue St. Honore. Formerly it was the Hotel Bristol, which became famous to Parisiens as the hostelry of visiting royalty. It was King Edward's favorite stopping place when he was Prince of Wales, and later when he was King of England. King George has made his temporary abode here, King George of Greece as well, and many other repre-



The board room



Exchange office



One of the directors' rooms

representatives of the royal houses of Europe.

For more than a year the Bankers Trust Company has been preparing on this site, its permanent Paris offices, the work necessitating almost complete remodelling of the interior. The company has the entire building, which consists of five floors.

NEW BUILDING ONE OF THE FINEST IN EUROPE

There has been great interest in Paris during the work of building, and when the doors were finally thrown open for business on the morning of September 5 there was a constant stream of visits of inspection, which is likely to continue, for Parisiens were quick to claim the new home of the Bankers Trust Company as being at the same time one of the most beautiful and yet simple buildings in Europe.

The ground floor consists of a large hall constructed in Italian marble, this central hall is in the shape of an L; the light comes from above through a lofty glass dome. There are three entrances, two on the Place Vendome, and

one on Rue St. Honore. Here, are the main bank offices of the company, the commercial accounts, the exchange windows, and other services. The principal officers have their desks in the open hall, following the custom of the large American banks, which is an innovation in Paris.

Round the hall runs a mezzanine, which is served by a wide staircase and an elevator. On this floor, on the Place Vendome side is the travel department of the bank, with its mail department, where customers may receive their letters and telegrams, this travel information bureau is a feature of American banking service abroad.

DIRECTORS' ROOMS

The directors' private rooms and the board room are on the second floor. Care has been taken by the architect, particularly in these rooms, to preserve as much as possible the original character of the building as it was in the time of Louis the Fourteenth. The board room indeed, is almost identically the same in appearance as it was then. Through a fortunate circumstance the



Library

original carved wooden panels, the mantelpiece, and the mirror were found in the building, panels which had been often painted were taken down and away. The paint was removed, until only the original wood remained, the panels were then put back in the place that Mansard had designed for them.

The upper floors of the building are given over to the bookkeeping and other services of the bank. In the basement are found the bank's private vaults and the public safe deposit vaults, which have been constructed according to the most modern improvements in the science of vault building. The vaults occupy two floors, the lower of which is used as a storage vault. Round all this part of the bank construction runs a thick wall of reinforced concrete, with a passageway separating it from the exterior walls, a feature designed to isolate the vaults and to insure security against fire, water or burglary.

The Paris offices of the Bankers Trust Company not only give an air of great dignity and simplicity, but have been designed particularly with a view of providing for the service of the bank

every facility that makes for efficiency.

No one who has visited the offices has failed to be impressed with the good taste that has been shown, and although the bank building has taken its place as one of the finest in Paris, there is an absence of the ornate, or of over ornamentation, which immediately strikes the attention, and has been the subject of much congratulation for the bank from French people as well as from Americans.

The removal of the Bankers Trust Company from its temporary quarters, which had been at 9, Rue St. Florentin, and 16 Place Vendome, was widely commented upon in French financial circles.

SENTIMENT OF THE FRENCH PEOPLE

As expressing the sentiment of the French people the following extract may be quoted from the *Agence Economique et Financiere*:—

"One of the important happenings in Franco-American financial circles during the week has been the removal of the Paris offices of the Bankers Trust Company of New York from the temporary quarters at 9 Rue St. Florentin



Safe deposit vaults

and 16 Place Vendome to the company's new building at 3 and 5 Place Vendome.

"The work of converting the building which was formerly the Hotel Bristol, into modern banking offices with complete facilities for conducting international banking on a large scale, has been going on for more than a year.

In their completed form the new offices of the Bankers Trust Company are very imposing and compare favorably with the offices of the larger French banks in Paris.

"Nothing can indicate more strikingly the confidence that the American financiers have in the future of France and the desire of American business interests to establish commercial and financial relations with French banking and business interests than the move of an important American company, such as the Bankers Trust Company, which is one of the largest of the American trust companies, into permanent Paris headquarters.

"As the *Agence Economique et Financiere* has repeatedly stated, closer financial relations between America and France are necessary for the future

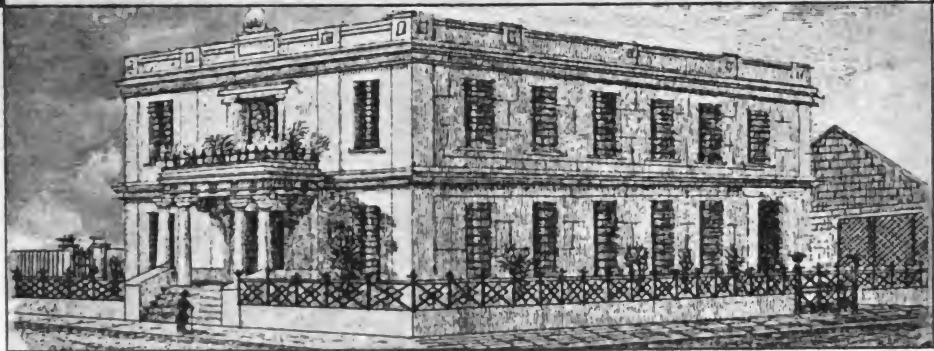
prosperity of the two countries, and this practical evidence of the desire of American financial interests of the highest importance to cooperate with French banks and business men is particularly welcome at this time."

There are now three large foreign banks in the Place Vendome, two American and one British. A Canadian bank is constructing its offices in the same square.

EXECUTIVE OFFICERS

The principal executive officers in charge of the Paris office are as follows: F. N. B. Close, resident vice-president; Henri Fischer, managing director; C. E. C. Freyvogel, director and manager foreign department; Paul de Vallombrosa, general secretary; Oluf Berntsen, sub-director and manager foreign banking relations department; Pendleton Beckley, manager trust service department.

Frank N. B. Close, resident vice-president in Paris, has been for many years a vice-president in charge of the trust department of the Bankers Trust Company, and is widely known among New York bankers.



CANAL BANK 1831



NEW HOME OF
CANAL-COMMERCIAL TRUST
AND SAVINGS BANK



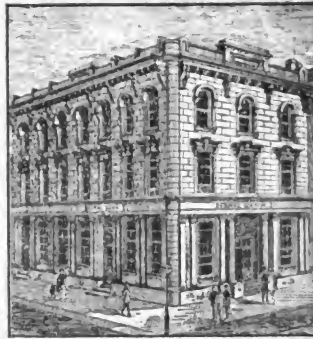
HOME BEFORE MERGING WITH
COMMERCIAL BANK



CANAL BANK 1849



CANAL BANK 1845



CANAL BANK 1886

Canal-Commercial Trust and Savings Bank of New Orleans, La.

FOR the purpose of effectively providing enlarged banking facilities to meet its requirements as one of the large banks of the South, the Canal-Commercial Trust and Savings Bank has recently opened in its new quarters in the eleven-story building, formerly known as the Hennen Building. This building, located at the corner of Common and Carondelet streets, will now be known as the Canal-Commercial Building.

The two lower floors of the building have been made over into one of the finest banking rooms in the United States. The design is of Italian Renaissance, monumental in character, and richly ornamented. In the center of the main ceiling is a large skylight that floods the interior of the room with natural light.

The public lobby which is forty-five feet by seventy feet has an Italian marble floor and Verde Antique marble border, flanked on all sides by Taverne Claire marble base and richly ornamented bronze banking screen. In the center of the lobby is a low marble rail enclosing the junior officers' quarters, which are so located as to afford easy and quick communication between the public and these officers. The executive officers are located near the main entrance of the banking room, with easy access to the public lobby, and in close proximity to the clerical force.

Extending around the four sides of the banking room is a mezzanine, part of which was formerly the second floor of the original Hennen Building. This mezzanine is well lighted from the large circular windows that serve both this floor and the main banking space. The mezzanine is made use of for general work space, and is thoroughly equipped for the convenience and operation of the great amount of work that is handled in the various departments located there.

On the banking room floor the various tellers' cages are spacious and have the most modern equipment, every

thought being given to the convenience of the employees.

In separate rooms and across the hall from the main office are the savings and trust departments and the foreign trade department. A large room on the third floor of the building has been set aside for the board of directors.

The main vaults are located in the basement, and are quickly accessible by an easy stairway and an elevator directly from the banking floor. The safety deposit department is likewise located in the basement, access thereto being had by a marble stairway.

HISTORY OF THE BANK

The present Canal-Commercial Trust and Savings Bank is a combination of the Canal Bank and Trust Company and the Commercial Trust and Savings Bank which consolidation took place in August, 1919.

It is interesting history to trace the early establishment of the Canal Bank and Trust Company, because of its age, and its early connection with the development of the city of New Orleans. In the early history of New Orleans "Improvement Banks" were organized for the purpose of developing certain civic projects, and the banking end of the business was incidental to that particular purpose.

On March 5, 1831, the New Orleans Canal and Banking Company was given authority by the Legislature of the State of Louisiana, to incorporate and go into business. Section 1, of Act 18, of the Acts of the Legislature of Louisiana of 1831, provided for the charter of the company, authorized a capital of \$4,000,000, and declared the purpose to be: "Constructing a canal from some part of the city or suburbs of New Orleans, above Poydras street, to Lake Pontchartrain."

Section 4 provided for the name of the corporation as the New Orleans Canal and Banking Company, for the time of existence of the charter to De-



View of Main Banking Room



Directors' Room



Customers' Lobby and Cashiers' Platform Showing Mezzanine

cember 31, 1870, for the privilege of banking, and for a seal.

Section 8 provided that the company shall construct a canal sixty feet in width to float vessels drawing six feet of water, with one or more basins; shall commence within one year and complete within three to six years.

Section 14 provided for the construction of a levee on the upper side to prevent possible river overflow from above, and to build a paved road twenty-five feet wide along the entire length of the canal.

This enterprise proved epochal, beginning, as it did, a most wonderful era of activity and improvement in New Orleans. Records show that the capital stock of the company was soon oversubscribed and that the company proceeded to business at once.

In 1832 the "Canal Bank" as it was then known, set about doing the business at hand. The canal construction went ahead rapidly, and in 1838, six years after the authorization of the company, the canal was completed and

turned over to the city of New Orleans, at a total cost of \$1,119,000, about half the cost as estimated, and today is a valued convenience of commerce and source of revenue. Besides an excellent canal, the company also built the finest driveway in New Orleans, along the upper bank of the canal. This road extends a distance of six miles to the leading summer resort in New Orleans, and is used by every automobile owner in the city for a pleasant summer evening's ride.

After the completion of the canal and the road the "Canal" and "Banking" company were eventually separated—the state had its canal and the business community had its banking company.

In 1832 the company erected a banking office building. The site purchased is historic, it being approximately the exact spot upon which the Jesuits, nearly a century before, had built their first chapel and school. As these quarters were destroyed by fire in 1845 an office building was erected opposite the old site. In 1849 another new home



Entrance to Executive Office From Public Lobby

was selected which is now being used by the Southern Pacific Steamship Company as an office building. A three-story office building was erected in 1859, which was the first attempt in the direction of a fire-proof building in New Orleans.

After the passage of the National Bank Law in 1866, the Louisiana National Bank, and the City National Bank, which was reorganized in 1871 as the German National Bank, were organized. Both banks later consolidated with the Canal Bank.

In 1881, there was organized the Germania Savings Bank, the first one in the city of New Orleans and in 1905 it consolidated with the Commercial Trust and Savings Bank.

In January, 1881, there was not a single savings bank in existence in the city of New Orleans, nor in that section of the country. In the latter part of 1880 and the first part of 1881, J. E. Merilh, one of the present directors of the Canal-Commercial Trust and Savings Bank, visited his father, who re-

sided in a small town in France, and who was then one of the representatives of the French Government in control of savings banks. In this small town (with a population of not over 3,000 and only several very small villages to draw from), there was a savings bank, very successfully and profitably operated, with deposits of over 1,250,000 francs, and this in spite of the fact that no one person was permitted to have on deposit any sum in excess of 1,000 francs.

This opened to the vision of Mr. Merilh a field of wide opportunity in his home town, New Orleans, where there was no bank to aid the people of small means in the practice of thrift, and on his return he laid the matter before the finance committee of the board of directors of the Germania Insurance Company, of which he was a member, and urged the organization of such a savings bank.

The Germania Savings Bank, with a capital of \$100,000, was formally opened for business on May 2, 1881 in



Executive Officers' Quarters

a space about twelve feet square in the rear of the ground floor of the Germania Insurance Company.

The United States Trust and Savings Bank which was organized in 1893 was taken over by the Canal Bank and Trust Company in 1919. The Provident Bank which was organized by bankers of New Orleans in 1894 also consolidated with the company in 1905.

In 1895 the simplified name of "Canal Bank" was adopted. In 1901 and 1902 there was organized the Commercial National Bank and the Commercial Trust and Savings Bank, and these banks in August, 1919, were consolidated with the Canal Bank and Trust Company, forming the present Canal-Commercial Trust and Savings Bank.

In 1905, the Germania National Bank was reorganized under the name of the German American National Bank and elected W. R. Irby, now chairman of the board of the Canal-Commercial, president. This company then organized the German American

Savings Bank and Trust Company. J. P. Butler, Jr., now president of the Canal-Commercial came with this bank in 1907 as cashier and trust officer and was soon made vice-president.

In 1905 the Canal Bank and Trust Company and the Louisiana National Bank merged under the name of the Canal-Louisiana Bank and Trust Company and erected a ten-story office building at the location of the old New Orleans Canal and Banking Company.

On January 1, 1914, the German American National Bank and the Canal-Louisiana Bank and Trust Company came together in one large banking company with W. R. Irby as president and J. P. Butler, Jr. as vice-president under the name of the Canal Bank and Trust Company.

On August 9, 1919, the interests of the Canal Bank and Trust Company and the Commercial Trust and Savings Bank were consolidated forming the Canal-Commercial Trust and Savings Bank with a capital and surplus of \$6,000,000, with W. R. Irby as president



Tellers' Windows and Entrance to Safe Deposit Vault

and J. P. Butler, Jr., as executive vice-president. In May, 1921, the former was elected chairman of the board and the latter, president. In order to show the affiliation of the Commercial National Bank with the new institution, the name of the bank was changed to Canal-Commercial National Bank, and P. H. Saunders, formerly president of the Commercial Banks was elected president of the Canal-Commercial National Bank. On January 1, 1921, the interests of the National Bank were liquidated and taken over by the Canal-Commercial Trust and Savings Bank.

The Canal-Commercial Trust and Savings Bank has established eighteen branches in New Orleans, these branches being located near the principal markets and industrial centers.

OFFICERS AND DIRECTORS

The officers of the bank are: W. R. Irby, chairman of the board; J. P. Butler, Jr., president; F. E. Gunter, D. D. Curran, W. J. Mitchell, F.

Dietze, Jr., A. B. Wheeler, J. R. Stevens, E. B. Lapice, C. F. Niebergall, vice-presidents; L. B. Giraud, cashier; E. M. Toby, W. W. Messersmith, H. Dabezies, Charles Collins, J. Mort Walker, F. L. Ramos, E. P. Hernandez, W. W. Sutcliffe, Jr., M. J. Rivet, H. B. Turcan, R. S. Landry, Jr., Percival Wraight, assistant cashiers; W. V. Harvey, manager bond department; E. J. Walt, inspector.

The directors are: Henry Beer, G. Ad Blaffer, Wm. B. Bloomfield, E. A. G. Bright, Geo. C. Bright, Jas. P. Butler, Jr., Geo. W. Clay, H. S. Cocram, D. D. Curran, R. H. Downman, R. E. Farrell, C. B. Fox, J. P. Ford, C. French, J. H. Fulton, Adam Gambel, Theo. Grunewald, F. E. Gunter, Wm. T. Hardie, Hunt Henderson, W. R. Irby, S. Jackson, Ernest Lee Jahncke, Larz A. Jones, A. I. Kaufman, E. N. Kearny, E. E. Lafaye, J. B. Levert, I. M. Lichtenstein, T. H. Lyons, Albert Mackie, Norman Mayer, J. Edmond Merill, A. W. McLellan, S. Oden-

heimer, Arthur D. Parker, Simon Pfeifer, Joseph Rathborne, P. H. Saunders, S. J. Schwartz, J. B. Simons, Jean Mason Smith, T. F. Steele,

T. P. Thompson, Felix P. Vaccaro, A. Vizard.

The statement of condition at June 30, 1921 was as follows:

RESOURCES

Loans and discounts	\$43,184,641.59
United States bonds and treasury certificates	279,416.49
Other bonds and securities	5,653,351.22
Banking houses, furniture and fixtures and other real estate	3,428,169.56
Cash on hand and due from banks	11,495,188.82
Customers' liability under acceptances and letters of credit	2,622,627.70
Total	\$66,663,395.38

LIABILITIES

Capital	\$4,000,000.00
Surplus	2,000,000.00
Undivided profits	541,176.10
Quarterly dividend payable July 1, 1921	160,000.00
Unearned discount	242,430.55
Reserve for interest and taxes	356,846.18
Deposits	51,861,114.90
Bills payable	169,800.00
Rediscounts with Federal Reserve Bank	4,709,400.00
Letters of credit and acceptances	2,622,627.70
Total	\$66,663,395.38



The First National Bank, Skowhegan, Me.

ONE of the comparatively few banks in this country that have stood the test of nearly a century is the First National Bank of Skowhegan, Maine. This good old bank was established in 1825 as the Somerset Bank, with headquarters at what was then Skowhegan Falls, Somerset County. Skowhegan was then, as now, an important lumbering center.

The charter of the Bank of Somerset was renewed in 1831 and its name changed to Skowhegan Bank, in the town of Bloomfield. In 1868, in common with most of the leading banks, it took a national charter under the



Present building of the First National Bank of Skowhegan



Original building of the bank

present name of The First National Bank of Skowhegan.

The bank's first home was on an island in the Kennebec River, from which it later removed to the building across the river now occupied by the Central Maine Power Company. Afterwards the present building of the Skowhegan Savings Bank was occupied, un-

til the completion of its present fine banking house, as shown in the illustration accompanying this article.

The bank has had many prominent officials, among them Governor Coburn, who was a strong factor in the bank's



Second building of the bank

progress in the 60's, and George N. Page, the uncle, and Edward P. Page, the father of the present cashier. The former was cashier of the First National and the latter successively treasurer of the Savings Bank, cashier of the National Bank and president of both institutions. Blin W. Page, cashier of the First National, is now president also of the Savings Bank. Under the Page administration the bank grew and prospered and it is interesting to note that in the ten years that have elapsed since June 30, 1911, the bank has more than doubled its assets. On that date its surplus and profits were \$115,000, as against \$288,000 June 30, 1921, and its total assets but \$900,000, against \$2,266,000 on the latter date.

The present officers are: C. R. Cook, president; Blin W. Page, cashier; L. H. Goldsmith, assistant cashier; directors, B. W. Page, F. H. Colby, lumber; C. R. Cook, L. A. Dascombe, M. D., C. E. Young, pulp manufacturer; J. W.



Skowhegan in 1868

First National Bank building is on the right and the Skowhegan Savings Bank building on the left

Fogler, retired; W. P. Ordway, dry goods; R. L. Marston, lumber.

The statement of the First National Bank, as of June 30, 1921, makes this showing:

RESOURCES

Loans and investments.....	\$1,697,598.23
United States bonds owned.....	310,595.00
Banking house	35,000.00
Cash on hand and on deposit.....	222,884.82

Total \$2,266,078.05

LIABILITIES

Capital	\$150,000.00
Surplus and profits	288,642.77
Bills in circulation.....	146,395.00
Deposits	1,681,040.28

Total \$2,266,078.05

The bank has all the usual facilities of an active, enterprising institution, including banking by mail, savings department, foreign exchange and travelers' checks, collection department, etc. It is especially active in cooperating with the farming and business interests,



Interior of the present building

large and small, and its activities extend through the county and beyond. It has always been closely affiliated with the Skowhegan Savings Bank, established in 1869, one of the oldest and strongest savings banks in the state, with deposits of three and a half millions.

Skowhegan is a busy, enterprising community of 6,000 people, where business and other interests cooperate for the common good. The falls in the Kennebec at this point contribute an important waterpower and one of the best hydro-electric plants in the East has

just been completed by the Central Maine Power Company. Other important industries are the Anderson Mills of the American Woolen Company, the Maine Spinning Company, the Somerset Shoe Company, the Maine Pulp & Paper Company.

There is a fine government building, a municipal building, street railroad, good schools, well-stocked stores, etc., and the town is an important station on the Maine Central Railroad and the main thoroughfare between New England and Quebec.



Guaranty Trust Company Opens Office in Antwerp

THE Guaranty Trust Company of New York on September 1 opened an office in Antwerp, Belgium. The new branch is located at 36 Rue des Tanneurs, a building originally erected for the Antwerp branch of the Banque Nationale de Belgique, but occupied until recently by the Banque de Credit Commercial. Extensive improvements inaugurated since the purchase of the property by the Guaranty have transformed the building into a modern banking house.

The Rue des Tanneurs is the street leading from the eastern end of the Place de Meir to the Longue Rue de l'Hospital, and the Guaranty's Antwerp branch is within 300 yards of the Bourse, located at the junction of the Place de Meir and the Rue des Douze Mois, in the heart of the business section of the city.

The officials in charge of the Antwerp office are J. B. Avegno, manager; George C. de Ceuster, secretary; Irving J. Greene, assistant secretary and Pierre Faure, auditor.

The opening of this office serves to emphasize the growing importance of that great Belgian port in the development of America's foreign trade. It is not generally realized that Antwerp,

with a population approximating that of San Francisco, is the greatest port in Europe and the second largest port in the world, coming only after New York



Antwerp office of the Guaranty Trust Company of New York. This new office at 36 Rue des Tanneurs was opened on September 1

in her tonnage figures and at the present time far eclipsing Hamburg. Situated about fifty miles from the open sea on the River Scheldt, Antwerp is the logical point of contact between the vast overseas traffic which here converges on the busiest maritime route in the world and the great industrial area of Belgium and Northern France, the Rhine Provinces, Czechoslovakia and the other new states of Middle and Eastern Europe, with their immense possibilities and ever-increasing demand for necessities produced in other countries.

Antwerp is the center of a network of railroads connecting it with Southern Italy, France, and the new states of Europe, the Balkans, Constantinople and the shores of the Black Sea. The extent to which Antwerp has recovered its prewar activity may be gathered from the fact that last year, 7,698 vessels with a total tonnage of 10,852,841 entered the port. In March, 1921, the ships entering Antwerp numbered 625, with a total tonnage of 969,913.

In prewar days thirty per cent. of the maritime traffic of Antwerp was German transit. As nearly all the ships coming from Hamburg and Bremen called at Antwerp the German factories found it a great advantage to send their goods to Antwerp, which meant a gain of eight to ten days. Antwerp was, in fact, the export harbor for the Rhenish, Thuringian and South German trade.

Antwerp is connected by a magnificent system of canals and rivers with

the interior of Europe. In Belgium itself are 1,250 miles of canals, which are linked up with the French rivers and canals. The Meuse is connected with the Campine Canal, which runs to Strasbourg, as a great interior collecting and distributing center, and through the Zuid Beveland and Dordrecht Canal traffic can reach Basel and the Rhine and its ramifications. The immense possibilities of future trade over these canals and mid-European rivers are clearly foreseen as a result, and important schemes are under consideration for the utilizing of these internal arteries of commerce, now freed for international trade under the Treaty of Versailles.

Antwerp has 322,275 inhabitants (405,516 including the suburbs). While diamond cutting is the only important local industry, Antwerp, is a great collecting and distributing center for cereals, skins, leather, rubber, ivory, tea, coffee, rice, timber and colonial products. The great asset of Antwerp is, however, its harbor. This is divided into two sections—locks for cargo boats and river quays for liners. There are in these two sections 75,570 feet of berthage, served by 100 miles of railway track, and equipped with more than 800 hydraulic cranes and eighty electric cranes. There are seven dry docks and sixteen basins for large ships. The Belgian Government has recently started work on port improvement schemes which were planned before the war.



The Forty-Seventh Annual Convention of the American Bankers Association

By George R. Martin

Manager Bond Department, Security Trust and Savings Bank of Los Angeles

INDORSEMENT of the ter Meulen Bond Plan for rehabilitating world trade, recognition of the necessity for educating the public generally to fundamental economic facts, and the note of optimism sounded by John S. Drum, in the president's annual address, stand forth preeminently as the high-lights of the forty-seventh annual convention of the American Bankers Association at its meeting in Los Angeles October 3 to 7.

The proceedings of the convention were dignified and marked with the usual conventionalities, but were distinguished by the presentation of exceptionally well prepared and ably written papers on subjects now engaging the thought of the best financial minds of the country. Resolutions were passed during the closing session of the convention practically epitomizing all the vitally important matters which came before the convention for discussion. The foundation of the resolutions was the report of the Economics Commission of the association, headed by Paul M. Warburg of New York, formerly member of the Federal Reserve Board, and they were presented before the convention by J. F. Sartori, president of the Security Trust and Savings Bank of Los Angeles, who was chairman of the resolutions committee.

Mr. Sartori's report was adopted unanimously and constituted one of the noteworthy contributions to the convention. Besides putting the association on record in favor of the ter Meulen Bond Plan, it declared economy in the matter of running the government to be a paramount issue and urged the full operation of the budget law as now in force. Repeal of the excess profits tax, retroactive to include the present year 1921, was advocated and the enactment of a well devised sales tax to meet any de-



THOMAS B. McADAMS
President American Bankers Association, vice-president Merchants National Bank, Richmond

ficiency in revenue. The need for Federal supervision of the issuance of securities was recognized and approval given to the President's disarmament conference and the government's efforts to lessen unemployment. The report expressed hearty approval of the skillful management of the Federal Reserve system and the tremendous value of the system to the country's financial and business welfare during the period we have been passing through. It deplored the continued attempts by legislation to divert the Federal Reserve system from its true function of supplying reserves in time of need and to make of it an instrumentality for advancing the inter-

ests of any class. Prompt settlement of the claims of the railroads against the government and the funding of the debt of the railroads to the government was urged upon Congress. Defeat of the soldiers' bonus bill and defeat of a proposed extension of the postal savings system was urged; also prompt reduction of wages to a lower economic level, especially in railroad labor and in the building trades. Aid was pledged to farmers and persons desiring to build homes and the building of highways and the carrying out of public works projects was strongly advocated. For disabled soldiers the government was urged to provide the fullest compensation and care.

The ter Meulen Bond Plan was presented to the convention by Sir D. Drummond Fraser, managing director of the Manchester and Liverpool District Bank and organizer of international credits under the proposed plan.

Although the ter Meulen Plan has been under discussion by leading financiers and economists in both Europe and America since its formal presentation at the Brussels conference in the fall of 1920, by its author, Dr. U. ter Meulen, a Dutch banker and economist, and while it has received favorable recognition from such organizations as the International Chamber of Commerce and the World's Cotton Congress, the plan never has come before the American Bankers Association for discussion until this session.

The plan as outlined by Sir D. Drummond Fraser will make it possible for the importer, in less favored countries than the United States, to furnish collateral originating in his own country, which will protect the exporter without making it necessary for the exporter's government to take a hand in the transaction, either by governmental guarantee or otherwise.

The International Commission, under the League of Nations, is to appraise the assets of the importer's government, and on the basis of those assets, estimated in gold, bonds are to be issued by the importer's government. The purpose of the plan is thus to restore normal conditions in trade by financing

the buyer instead of forcing the exporter, as heretofore, to look to his own government to underwrite his trade transactions. The importer and the exporter make their own trade terms, as formerly, but the importer offers as collateral the ter Meulen bonds issued by the importer's government on tangible assets which are under the control of the International Commission, working under the League of Nations, which represents the exporter until the obligation is paid in full. When the bonds are returned to the importer and through the importer to his own government.

In his description of the ter Meulen plan, Sir D. Drummond Fraser emphasized the following points:

(a) It will restore normal overseas trading.

(b) It will reawaken the dormant confidence in the ability of importers in war stricken countries to pay their way.

(c) Governments may keep expenditure within their revenue.

(d) Revenue producing assets of borrowing countries may be mobilized for the purchase of essential imports which in turn will restore the buying power of those countries.

(e) Lending countries, of which the United States is the most important, may secure, with a collateral bond, a safe outlet for exports.

(f) The scheme does not attempt to stabilize exchanges. These were dislocated owing to war denuded stocks being replenished at excessive prices in certain countries previous to the recovery of their export trade after the war. Conditions of trade in these countries must be restored to normal. When they have been restored the exchanges will take care of themselves.

Respecting the position of the United States in regard to the ter Meulen Plan, Sir D. Drummond Fraser said:

"International solidarity is based upon economic necessity, just as a sound system of credit is based upon gold. The International Credits Scheme—ter Meulen bonds—of the League of Nations does not bar American exporters being interested so long as they have faith in the scheme. The absence of

America as a member of the league does not affect the scheme, because the participating countries are borrowers; America is a lender."

The formation of National Export Corporations in each of the leading countries, United States, England, France and Italy, backed by a pro rata guarantee of the government banks and other financial institutions was suggested by Sir D. Drummond Fraser on the ground that such concerns if properly managed should allow for normal foreign trade in as simple and effective a manner as the banks now handle domestic trade.

The plea of Dr. Henry T. Suzzallo, president of the University of Washington, in his address on "Economic Intelligence in Public Opinion," for a nation-wide program for universal education in the fundamentals of economics, made a profound impression upon the delegates.

"It is apparent," he said, "that the business men of this country are reversing their attitude with reference to economic intelligence in public opinion. You are the natural leaders, and you have a solemn obligation. You proved it in 1896. The most wonderful political school to which the people of America have gone was that education in economics upon the silver question in 1896. And who did it chiefly? The bankers. And why are the bankers especially responsible? Because the banking institutions are the top and center of modern industry, agriculture and commerce. We cannot do business without you. You touch the depositors; you touch the borrowers; you touch them all. You will be the heart, or better still, the very brain of the economic system.

"I urge upon the American Bankers Association the necessity for a great constructive policy calling for the economic education of the American people, because you are never going to be able to operate outside the influence of public opinion. It will always tend when irritated, to operate through the government. That education shall strengthen economic leadership of busi-



JOHN H. PUELICHER

First Vice-president American Bankers Association,
president Marshall and Ilsley Bank, Milwaukee

ness in colleges of business administration. But more important than that task is to put into the mind of every American citizen, from the fourth grade up, simple concrete facts and truths bearing upon economic questions.

"If you don't do anything more to a child in the fourth grade than to teach him that price depends upon wants and supplies—if you can do that one thing alone, you will reconstruct the whole attitude of the American people. And if you can put another little simple principle alongside of that, and tell the average man that how much you get is always limited by the price of production, you have accomplished another great thing. You may not always get it, but what you can aspire to get is absolutely limited by the cost of production, and if you hold back production, what you get is reduced, and if you increase production, you have got a larger fighting ground for yourself.

"If you can put that second simple

principle alongside of the first, in the fifth grade, and do nothing more, about half of our difficulties in efficiency in business will disappear."

Dr. Suzzallo's address harmonized with the report of the committee on public education and the report of the economic policy commission of the association which declared that economic laws should be allowed full play and that the government should refrain so far as possible from participating in private business undertakings. J. H. Puelicher who read the report of the committee on public education said that bankers must become teachers of economics. "I call upon you," he said, "to help make less that vast army of the deceived and unsuccessful and discontented and disheartened. I call upon you to contribute to the welfare of the many by showing them that in America honest endeavor and intelligent saving and investing lead to success."

The keynote speech of the convention was delivered by John S. Drum, retiring president of the association, in his annual address. The cold business facts which he had at his command as to actual economic conditions in the United States formed from replies to a questionnaire he had sent to bankers in every state of the Union, gave the basis of his confidence and optimism in the return of prosperity to this country. "There is nothing," he declared, "in our domestic situation nor in the international situation that can sustain a pessimistic outlook or a despondent view that the world has sunk into permanent depression. Gradually influences preventing the restoration of stable conditions are disappearing. As prices move toward stability on an equitable basis, the full purchasing power that is a prerequisite necessity of normal prosperity, is being recovered."

Other valuable papers read before the convention were those of William Sproule, president of the Southern Pacific Railway, who urged the passage of the Railroad Funding Bill, now before Congress, and Fred I. Kent, vice-president of the Bankers Trust Company of New York, who made the report for the

commerce and marine commission of the association. According to Mr. Kent, the needed export of our surplus, together with the liquidation of at least part of the debts now owed us abroad, cannot be accomplished without import of approved foreign securities, under the plan contemplated by the Foreign Trade Financing Corporation. "To delay over-long in the setting up of necessary foreign trade financing machinery to function in such parts of the world as may be deemed safe," Mr. Kent said, "will be to miss opportunity, and America's foreign trade will thereby be at a marked disadvantage. This disadvantage will be emphasized as other nations occupy markets abroad."

Mr. Kent said further: "Adequate financial machinery to provide, on a sound basis, long term credits to enhance permanently our foreign trade can be established when a sufficient number of bankers, business men, producers and investors appreciate these facts to the point of acting practically on them, and when, and only when, the American public comes to a full realization of the very important and helpful influence on our domestic conditions and values which proper investment in foreign countries will bring to bear. Certain it is that such permanent financial machinery is essential if the United States is to take its proper place in international finance and trade."

The trust company section of the association commemorated its silver anniversary during the convention. The basis for the next constructive effort of the section was laid in the address of L. H. Roseberry, vice-president of the Security Trust and Savings Bank of Los Angeles, on a topic entitled "Facts and Figures We Need." He pointed out the necessity for the establishment of a bureau of research and statistics, to collect and digest for the use of the trust companies of America the rich available materials to support their claim that corporate fiduciaries are superior from every test to individuals acting in like capacities. As an outcome of the discussion which followed, it is probable that the executive com-

mittee of the trust company division will pioneer in this field by establishing a bureau of research and statistics.

One of the most vigorous reports made before the convention was that of the savings bank section. In it the charge was made that the national government is, by paternalistic attitude toward savings, threatening the growth of industry and the continued development of individual initiative in this country. The report takes issue with the government's policy from three standpoints:

(1) While ostensibly cooperating with banks, public officials and employees in the post-office department generally work in competition with chartered institutions and are preparing the ground for the establishment of a government savings institution with thousands of branches or agencies to withdraw community development money produced by a community's thrift.

(2) In addition to withdrawing savings deposits from the community of origin, the postal authorities seek to add features which are not only competitive, but subsidized by tax exemption.

(3) The treasury department continues to use many of its war-time arguments for selling its saving securities, the result being costly to the taxpayer and ridiculous as to effect when measured either by the amount of sales or the extent to which thrift is promoted.

An interesting development of the convention was the threatened fight between the national and state bank branches of the association over what had been referred to as the "branch bank menace." The executive council had adopted a resolution recommending that in cities of over 100,000 population branch banking by national banks, similar to branch banking by state banks be authorized. Later the council rescinded this resolution on motion of John S. Drum. In explaining his motion, Mr. Drum said:

"It developed that there was an unalterable conflict between the national bank division and the state bank division with reference to branch banking. Under the policy of our new constitution, it is so framed that where a situa-



WALTER W. HEAD

Second vice-president American Bankers Association, president Omaha National Bank, Omaha

tion like this arises, instead of bringing the matter up in the main association for discussion the divisions, themselves are authorized, under the provision of the constitution, to act independently and the policy of the constitution is that such matters be merely the independent expression of opinion of the particular divisions themselves. That is the order in this particular instance. The national bank division can take such action as it sees fit under the terms of the constitution, and the state bank division can do likewise; and there is nothing from the executive council to bring before this body."

At the third session of the general convention, officers of the association for the forthcoming year were elected as follows: President, Thomas B. McAdams, vice-president of Merchants National Bank of Richmond, Virginia; first vice-president, John H. Puelicher, president of Marshall & Ilsley National Bank of Milwaukee, Wis.; sec-

ond vice-president, Walter W. Head, president of Omaha National Bank, Omaha, Nebr.

The selection of next year's convention city will be decided later by the executive committee. Opinion seems to be general, however, that next year's convention will be held in some southern city, either Richmond, the home of the new president, or in New Orleans or Atlanta.

The entertainment provided for the delegates and members of their parties by the local committees tested successfully again the hospitality of Los Angeles and Southern California. It is only fair to say that the uniform sentiment among the delegates seemed to be that at no other convention of the American Bankers Association have they met with such elaborate and novel entertainment or experienced such warm cordiality from the general public and the local banking and bond fraternity as at this convention. It proved to be a strenuous week for both visiting and resident bankers and their families. As one eastern banker put it: "No wonder you are building a world city here. You know how to accomplish things. Whether it is the building of a great hydro-electric power plant or the constructing of an aqueduct or a harbor or planning or executing a convention, it is all the same with you. You put it over—systematically, thoroughly energetically, well."

On Sunday morning and afternoon preceding the convention, the delegates upon their arrival were taken in automobiles through the important resident sections of the city and to the beaches. A two or three hour stop was made at the Brunton Studios where the delegates were initiated into the mysteries of the movie world, seeing actual pictures in the making. A Spanish barbecue was served in a motion picture palace while Spanish dancers and singers entertained among the tables and moving pictures were taken of the visitors.

Tuesday night the delegates were tendered a "smoker" at the Los Angeles Athletic Club by the Los Angeles

group of the Investment Bankers Association of America while the ladies were witnessing a special performance of the "Queen of Sheba" at the Philharmonic Auditorium followed by a supper on the stage which for the occasion had been transformed into a Southern California garden.

Universal City entertained for the delegates and their parties Wednesday night. The city was brilliantly illuminated and the Monte Carlo set, a duplicate of the world-famous resort, which plays an important part in the production "Foolish Wives" was shown the visitors. A number of novel acts enlivened the evening.

The formal ball at the Ambassador Hotel Thursday night was the social event of the convention. It was on this occasion that Los Angeles hospitality and grace was at its best and the event will doubtless prove a memorable one.

The week ended Saturday with a trip to Catalina Island, without exception the greatest and most attractive resort on the Pacific Coast. This afforded the delegates an opportunity of seeing Los Angeles harbor and the battleships and other vessels riding at anchor inside breakwater.

Report of Committee on Resolutions

The report of the Committee on Resolutions of the American Bankers association was as follows:

The American Bankers Association in convention assembled, realizing the duty resting upon the bankers to give their best efforts toward a solution of the problems confronting the country, makes the following statement of its views:

LEGISLATION

Legislation now pending is of vital importance to the welfare of business and we urge the early enactment of equitable laws affecting our system of taxation and revenue. Delay only increases the unsettled conditions of business where certainty is desired. We believe a repeal of the excess profits tax, effective for the year 1921, is essential to an early stabilization of business conditions. Realizing that enormous revenues for the support of government activi-

ties must be raised, we approve a well-devised sales tax as the most satisfactory method of raising the additional revenue that may be required. We are further strongly opposed to the principle of American valuation as contained in the present tariff bill, because of the radical changes of administration required, as well as the additional uncertainty which it injects into business.

Economy in government must be carried out and we approve the budget law now in operation as bringing more business into government. We disapprove of all legislative proposals tending to inject further government activities into business, and we believe that many of the remedies proposed in Congress and designed to meet the present situation, will do more harm than good through a disturbance of the normal operation of economic law. While appreciating the hardships endured by various sections of our population through the processes of deflation, we believe that in the long run normal conditions will be sooner established and the prosperity of the country will be better advanced without such legislation.

A question of great importance in the economic and financial life of our country has arisen through the continued creation of new tax exemptions and tax exempt securities, which tend to remove capital from industry and to lessen the initiative of investors. No further tax exemptions should be authorized and no further tax exempt securities should be issued by the Federal government or by the states, municipalities or quasi public corporations.

Economy in government demands the elimination of all unnecessary expenditure which would further increase our national debt or the burden of taxation. We are therefore opposed to the Soldiers' Bonus Bill, which would provide compensation without regard to disability. For our soldiers who are disabled as a result of the war, we urge the fullest compensation and care on the part of the government.

Federal supervision over the issue of securities is urgently needed to protect the people against unscrupulous promoters, who are yearly robbing them of millions of dollars, which might be directed into productive channels, but we are opposed to restrictive legislation of such character as would interfere with the marketing of sound securities.

In sympathy with every movement which will promote the thrift and industry of our people, we are nevertheless opposed to the proposed extension of the postal savings system on the ground that it will not and cannot draw out of hiding any considerable sums of money. The result will be the introduction of government into the banking business and will not assure to local communities the use of their savings funds for their own development.

It is estimated that seventy-five per cent.



JAMES ARTHUR HOUSE

President Trust Company Division, president
Guardian and Savings Trust Company,
Cleveland

or more of the national revenues are spent either in payment for past wars or in preparation for future wars. In order to lessen our great burden of taxation, as well as for humanitarian reasons, we heartily endorse the conference which has been called to consider the limitation of armaments.

CREDIT SITUATION

The country has been passing through a most serious business depression, in which the credit situation has been a cause of grave concern. We believe that, as a result of the liquidation and readjustment in prices which has already taken place, the worst is over, but the process of readjustment is far from completed. The great disparity which continues between wholesale and retail prices seriously hinders the readjustment of wages to lower economic levels and thereby delays the reestablishment of normal relations between prices and wages. In this connection we wish to express our hearty approval of the skillful management of the Federal Reserve system and the tremendous value of that system to our financial and business welfare during this trying period. We deplore the continued attempts by legislation to divert the Federal Reserve system from its true function of supplying reserves in time of need and to make of it



JOHN G. LONSDALE

President National Bank Division, president
National Bank of Commerce, St. Louis

an instrumentality for advancing the interests of any class.

We believe it is a sound economic policy for the Federal government to fund its present large floating debt at the earliest possible moment, but we do not believe that the present is an opportune time for carrying out this policy.

FOREIGN TRADE

Believing that the restoration of normal conditions in the world and in our own country depends upon the reestablishment of a proper balance between nations, and that the cooperation therein of the United States is desirable and necessary for the reestablishment of normal conditions in American business life, we approve the principles of the plan for an international credit organization, known as the ter Meulen Plan. This plan offers a means of mobilizing the assets of the war stricken countries under responsible international supervision, and of issuing bonds based on these assets, thereby enabling them to secure long term credits for the payment of essential imports. The Commerce and Marine Commission of the association is hereby directed to make the necessary investigations for the purpose of recommending the best means of cooperation on the part of this association in carrying out the principle of the ter Meulen Plan.

We approve and endorse the purposes of

the International Chamber of Commerce, and believe that it is entitled to the encouragement and support not only of the members of this association, but also of all those interested in the best methods for extending our business relations with the other nations of the world.

LABOR

The processes of our economic life cannot proceed in an orderly fashion when wages of labor and prices of commodities are seriously out of adjustment. Labor's interest in a proper adjustment is just as keen as that of the producer or manufacturer. The country is to be congratulated upon the extent to which labor has realized the necessity of a readjustment of wages and an increase in its efficiency. Until industry is revived, labor must suffer from unemployment and so long as there is a failure of readjustment of prices or wages in any line of business, labor continues to suffer. The total purchasing power of labor has been reduced, even in those industries in which wages have not experienced a reduction comparable to the general reduction in price levels.

The number of unemployed in the country is a question of grave concern and we heartily endorse the action of the present administration in calling a conference to devise plans for lessening unemployment. We approve the continuation of the conference and earnestly hope that valuable constructive recommendations will be made from which there will result, under proper governmental supervision, a lessening in the severity of the cycles of unemployment.

The construction of highways whenever possible without unduly increasing the tax burden should be carried out. The construction of necessary public works, delayed by reason of war conditions and high prices, should not be longer delayed where their construction will contribute materially to the solution of this problem. Home building on a large scale is needed and we urge upon the members of this association that they extend a deep and sympathetic consideration to this problem and substantial aid in its solution. It should be noted that the most serious handicap to carrying out an extensive home building program is the fact that the labor costs in construction are still far too high, and that labor can contribute to the lessening of unemployment by readjustment of wages in the building trades.

TRANSPORTATION

The transportation system of our country has come to be recognized as fundamental to our prosperity and we urge upon Congress a prompt settlement of the claims of the railroads against the government and the funding of the debt of the railroads to the government. An early payment to the railroads of the hundreds of millions of dollars due them will do more toward stimulat-

ing industry and lessening unemployment than any other action that the government can take. The railroads, if promptly paid by the government, will be able to pay much present indebtedness, thus releasing credit of manufacturers long tied up, and to buy on an extensive scale, equipment which they have long needed.

We believe that the present high wages of railroad employees much be readjusted and shop and work agreements entered into during the war period must be revised. Such readjustment and revision will pave the way toward greater business activity, increased earnings of the railroads, an eventual lowering of freight rates and in consequence, a lowering of the cost of living.

We desire to express our belief in the value of a comprehensive transportation system which will include not only the railroads, but the canals and highways, particularly the plan for a barge canal connecting the Great Lakes, the Ohio and the Mississippi, and a canal connecting the Great Lakes and the St. Lawrence. We also believe the government should continue its policy of extending its aid to the states in the construction of highways.

AGRICULTURE

We recognize that the welfare of our agricultural interests is fundamental to our prosperity and that during the past year agriculture, including the live stock industry, has suffered severely because of the maladjustment of the prices of agricultural products to those of labor and manufactured goods. We believe that the bankers of America have fully appreciated the distressing situation of these interests and have come to their aid to the extent of their ability, and we urge upon the members of the association that they give their most careful and patient attention to the continued support of the farmers and stock raisers.

We desire to renew our expression of approval of the efforts made by the Department of Agriculture to promote the agricultural interests of our country and to commend the work of the agricultural commission of the American Bankers Association for its excellent work.

The problems of the farmer are many and intricate, involving not alone the production, but also the marketing of his products. It is the duty of bankers to lend their aid to the financing of the production and the orderly marketing of farm products in order that the farmer shall not be forced, from lack of credit, to dump his products on a flooded market in which the speculator flourishes, and that the public shall not be compelled to pay exorbitant prices by the unreasonable withholding of these products from the market.

We favor a continuation by the Federal government of the general policy of the reclamation of irrigable arid lands.



JOHN R. WASHBURN

President Clearing House Section, vice-president
Continental and Commercial Bank,
Chicago

RETIRING PRESIDENT

The American Bankers Association in convention assembled, desires to express its great appreciation of the service of its retiring president, John S. Drum, and in particular, its appreciation of the remarkably able economic surveys which he has made. We desire to emphasize the three prerequisites of stability, as set forth in his address:

First: There must be reestablished such a harmonious relationship between prices and costs, and between prices of natural products on one hand and finished goods and services on the other, as will give to each group of producers the purchasing power—which means simply the ability to trade—to which its products is naturally entitled.

Second: There must be a restoration of social, financial and economic order and stability in the nations of the old world that were disrupted by the war. They must reconstruct their productive machinery and restore the wealth that was wasted and destroyed in the war, so that the normal exchange of products of one country with those of another—the normal international trade relation—may be resumed.

Third: When economic, financial and social stability abroad shall have been re-



RUDOLF S. HECHT

President State Bank Division, president Hibernia Bank and Trust Company, New Orleans

stored, the United States must find in those stabilized foreign countries markets for the excess products of her farms and her forests, her mines and her factories.

Mr. Drum's administration has been characterized by tireless service in behalf of the association and by intelligent effort directed toward the solution of the tremendous problems confronting the United States. During his year of office the association has extended its influence and usefulness and strengthened its position among the bankers and the business men of America.

GUESTS

The American Bankers Association in convention assembled, desires to express its appreciation of the visit of Sir D. Drummond Fraser, and Lady Drummond Fraser, who, at great personal inconvenience, have made the long journey from London to Los Angeles, and we herewith extend to them our thanks and our sincerest appreciation of their visit.

We also take this occasion to express our thanks to the Honorable D. R. Crissinger, comptroller of the currency, and to the other distinguished guests for their able and instructive addresses which have contributed so much to the success of the convention.

To the Los Angeles Clearing-house Association, to the various local committees,

and particularly to the ladies' committee, we desire to express our deep appreciation for the highly efficient and delightful arrangements which have been made for the handling of the convention and the entertainment of the delegates. The welcome which we have received will ever remain as a pleasant memory of this meeting.

To the Press, we extend our cordial thanks for their uniformly courteous treatment and interest in our proceedings, and for the generous amount of publicity given to the proceedings of the general convention as well as to the several sections.

ADDRESSES DELIVERED AT GENERAL SESSION

The addresses delivered at the meetings of the convention were as follows:

Monday, October 4

Address of Welcome—J. M. Elliott, chairman of board First National Bank, Los Angeles, Cal.

Response to Address of Welcome—John H. Puelicher, second vice-president American Bankers Association; president Marshall & Ilsley Bank, Milwaukee, Wis.

Annual Address—John S. Drum, president of the association, "Situation Today—A Countrywide Economic Survey."

The following reports were read:

Executive Council and Administrative Committee—John S. Drum, president.

Trust Company Division—Edmund D. Hulbert, president.

Savings Bank Division—W. A. Sadd, president.

National Bank Division—Henry H. McKee, president.

State Bank Division—Elliott C. McDougal, president.

Clearing-house Section—A. A. Crane, president.

American Institute of Banking—Stewart D. Beckley, retiring president.

State Secretaries Section—D. S. Kloss, president.

Public Relations Commission—Francis H. Sisson, chairman.

Wednesday, October 5

Addresses—Alexander Dana Noyes, financial editor, *New York Times*, "Readjustment After War—Past and Prospective."

Dr. Henry T. Suzzallo, president University of Washington, "Economic Intelligence in Public Opinion." William Sproule, president Southern Pacific Company, "How Public Opinion Can Restore Railroad Credit and Public Prosperity."

Reports—Insurance Committee—L. E. Sands, chairman.

Committee on State Taxation—Ernest J. Perry, chairman.

Economic Policy Commission—Walter W. Head, president Omaha National Bank, Omaha, Nebr.

Thursday, October 6

Addresses—Francis W. Hirst, former editor *London Economist*, author of "The Stock Exchange," "The Political Economy of War," etc.—"The Deficits, Debased Currencies and Shattered Credit of Europe—Cause and Cure." Frank O. Watts, president First National Bank, St. Louis, Mo., chairman American Finance Group at International Chamber of Commerce meeting, London, June 25 to July 3, 1921, "Our Part in the World's Commerce." Sir D. Drummond Fraser, K. B. E., M. Com., London, England, "International Credits—The Ter Meulen Bond Scheme."

Reports—Commerce and Marine Commission—John McHugh, chairman. Committee on Public Education—John H. Puelicher, chairman.

Friday, October 7

Addresses—Donald McFayden, professor of classical history, Nebraska University, "Roman Empire." Judge Charles F. Moore, counsel Seaman Paper Company, New York, "Our Free Country."

Reports—Agricultural Commission—Joseph Hirsch, chairman.

Committee on Federal Legislation—C. H. McNider, chairman.

Committee of Five—Charles deB. Claiborne, chairman.

TRUST COMPANY DIVISION

Annual Address of President, by Edmund D. Hulbert, president trust company division and president Merchants Loan and Trust Company, Chicago, Ill.

"Your Executive Committee and Its Work," by Theodore G. Smith, chairman executive committee and vice-president Central Union Trust Company, New York.

"Recent and Current Events at the National Capital of Interest to Trust Companies," by Henry M. Campbell, chairman committee on legislation and chairman of board Union Trust Company, Detroit, Mich.

"The Trust Officer—The Man and His Equipment," by Judge William Rhodes Herve, chairman trust company section, California Bankers Association and vice-president Los Angeles Trust and Savings Bank, Los Angeles, Cal.

"The National Publicity Campaign," by Francis H. Sisson, chairman committee on publicity and vice-president Guaranty Trust Company, New York.

"A Bird's-eye View of Forty-three State Legislative Sessions," by Nathan D. Prince, chairman committee on protective laws and vice-president Hartford Connecticut Trust Company, Hartford, Conn.

"Investments," by J. N. Babcock, president



RAYMOND R. FRAZIER

President Savings Bank Division, president Washington Mutual Savings Bank, Seattle

New York City Association of Trust Companies and Banks in Their Fiduciary Capacities and vice-president Equitable Trust Company, New York.

"The Relationship of Insurance to Trusts," by Herbert M. Morgan, assistant vice-president St. Louis Union Trust Company, St. Louis, Mo.

"Facts and Figures We Need," by L. H. Roseberry, member committee on cooperation with the bar and vice-president Security Trust and Savings Bank, Los Angeles, Cal.

"Need of a World-Wide Vision," by Willis H. Booth, vice-president Guaranty Trust Company of New York.

"Practical Cooperation With the Bar," by William S. Miller, chairman committee on cooperation with the bar and vice-president the Northern Trust Company, Chicago, Ill.

"Payment for Service Rendered," by George D. Edwards, chairman committee on standardization of charges and vice-president Commonwealth Trust Company, Pittsburgh, Pa.

"The Spread of Community Trusts," by Frank J. Parsons, chairman committee on community trusts and vice-president United States Mortgage and Trust Company, New York.

"Staff Relations and How to Develop Them," by P. E. Hathaway, chairman

committee on staff relations and employment manager Northern Trust Company, Chicago, Ill.

SAVINGS BANK DIVISION

Mutual—William E. Knox, vice-president and comptroller Bowery Savings Bank, New York.

Departmental—Charles F. Stern, vice-president Los Angeles Trust and Savings Bank; formerly state superintendent of banks, California.

Composit—H. P. Borginan, vice-president Peoples State Bank, Detroit, Mich.

National—Oliver J. Sands, president American National Bank, Richmond, Va.

Investment of Savings Bank Resources—Samuel H. Beach, president Rome (N. Y.) Savings Bank.

Closing Remarks—Raymond R. Frazier, president Washington Mutual Savings Bank, Seattle, Wash.; chairman committee on state legislation.

Public Economy—John S. Chambers, vice-president Bank of Italy, Sacramento, Cal.; formerly controller of state of California.

Combining Insurance with Savings Accounts—Alexander C. Robinson, president Peoples Savings Bank and Trust Company, Pittsburgh, Pa.

Practical School and Industrial Savings Banking—Charles H. Deppe, vice-president Union Savings Bank and Trust Company, Cincinnati, Ohio.

Postal Savings System, Proposed Changes—A. E. Adams, president Dollar Savings and Trust Company, Youngstown, Ohio.

NATIONAL BANK DIVISION

"Our New Responsibilities," by Hon. D. R. Crissinger, Comptroller of Currency.

"The Spirit of the West," by H. C. Carr, vice-president First National Bank, Portersville, Cal.

"Free Ports and Free Zones," by Henry M. Robinson, president First National Bank, Los Angeles, Cal.

"Labor and Radicalism," by Dr. Tully C. Knoles, president College of the Pacific, San Jose, Cal.

STATE BANK DIVISION

Address of the President—E. C. McDougal, president Marine Trust Company, Buffalo, N. Y.

"Country Banks and Farm Finance," by Guy Huston, president First Joint Stock Land Bank of Chicago and president Huston Banking Company of Blandinsville, Ill.

"Importance of Efficient Bank Supervision and How It May Be Secured," by Hon. L. E. Thomas, examiner of state banks of Louisiana.

CLEARING-HOUSE SECTION

"The Slogan of Today," by Alexander Dunbar, vice-president and cashier Bank of

Pittsburgh, N. A., Pittsburgh, Pa., (president Pennsylvania Bankers Association.) "Values," by Rev. James A. Francis, D. D., Pastor First Baptist Church, Los Angeles, Cal.

"American Business on Acceptances," by Fred I. Kent, vice-president Bankers Trust Company, New York.

"The Institute Clearing-house," by Robert B. Locke, president American Institute of Banking; manager Federal Reserve Bank, Detroit, Mich.

"Shall We Abolish the Publication of Bank Clearings?" by Raymond F. McNally, vice-president and cashier of National Bank of Commerce in St. Louis, Mo.

Symposium—Clearing-house Examiner System—led by Chas. H. Meyer, chief examiner, Chicago Clearing-house Association, Chicago, Ill.

Speakers—

Edw. A. James, examiner, Salt Lake City Clearing-house Association.

John W. Wilson, examiner, Los Angeles Clearing-house Association.

J. H. Peterson, examiner, New Orleans Clearing-house Association.

Discussion of Clearing-house Problems—led by Geo. A. Kelsey, manager, Cleveland Clearing-house Association.

NEW OFFICERS, A. B. A. SECTIONS

The following sections elected officers at the convention:

Clearing-house—John R. Washburn, Chicago, president; James Ringold, Denver, vice-president; T. J. Hartman, Tulsa, Okla.; Alexander Dunbar, Pittsburgh, and Francis Coates, Cleveland, executive committee.

National Bank—John G. Lonsdale, St. Louis, president; Waldo E. Newcomer, Richmond, vice-president; P. H. Johnston, New York; W. C. Wilkinson, Charlotte, N. C.; John C. Crutcher, Chicago, and A. J. Wall, Olympia, Wash., executive committee.

Savings Bank—Raymond Frazier, Seattle, president; Samuel K. Beach, Rome, N. Y., vice-president; S. M. Hawley, Bridgeport, Conn.; George B. Brock, Boston, and Alvin Howard, New Orleans, executive committee.

Trust Company—J. Arthur House, Cleveland, president; Theodore G. Smith, New York, vice-president.

State Bank—Rudolf S. Hecht, New Orleans, president; H. A. McCauley, Sapulpa, Okla., vice-president.

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

A NOTE of optimism is sounded in the October *Federal Reserve Bulletin* which would seem to indicate that in the opinion of well-informed observers of national business, conditions are slowly but surely improving. In the words of Governor Harding we have "turned the corner."

The *Bulletin* summarizes conditions in September as follows:

Further decided improvement in the credit situation has been the noteworthy feature of business during the month of September. In the cotton regions liquidation of credit has been rendered possible in consequence of the marked advance in the price of cotton, which has carried practically all contracts above 20 cents a pound. At the same time improvement in wholesale and retail trade is expected as a result of the increase in the ability of the farmer to settle his accounts both with banks and with dealers. The greater abundance of funds in the cotton-raising districts is reported as having been reflected in larger wholesale trade. The effects of liquidation expected from the advance in the price of cotton have not as yet had time to appear in the condition statements of Federal Reserve Banks. On the other hand, the advance in prices not only of cotton but of other agricultural products has had certain indirect results. The textile industry has not yet bought freely of cotton at the new price level which has been established, but such mills as possessed a stock of low-priced cotton have attracted a considerable volume of orders. In the grain-growing districts the output has continued to move steadily to distributing points and has also gone abroad in considerable amounts. This grain movement has been practically the heaviest on record and there has also been a heavy movement of live stock.

While attention has been largely concentrated on the agricultural side of business development during the month, manufacturing has also continued to show a wholesome improvement in many lines. The advance in the iron and steel trade, first noted in August, has been sustained during the month of September in certain lines, notably in pig iron and light products, such as wire and sheets, in which price advances have occurred. Although orders fell off in August, an increase has occurred since that time, and at the same time more men have been employed. In this connection should also be noted the improvement in the railway industry. The net earnings of Class I railways for July were about \$70,000,000, and on many lines the rate of earnings is near the level taken as a standard in the transportation act. Textile manufacturing has been well sustained during the month, and the boot and shoe industry has been notably active in districts Nos. 1, 7 and 8. There is still, however hesitancy on the part of distributors to place forward orders, although a large seasonal increase in certain lines of wholesale trade, coupled with replacement orders, have resulted in advances.

Prices continued to advance during August. The index compiled by the Federal Reserve Board for international comparisons registered an increase of two points over the July figure, while the trend during September also appears to have been upward. Price declines in particular lines of business, such as live stock, are due to local marketing conditions.

Employment, on the other hand, has increased only slightly, although the situation is better than at the end of August.

TEXTILE IMPROVEMENT

Improved conditions in the textile industry are noted by the Guaranty Trust Company which states in the current issue of *The Survey*:



Commercial National Bank, Independence, Kansas

A modern bank and office building, devoid of meaningless ornamentation, honestly designed and substantially constructed. The offices are spacious and convenient and the banking premises most attractive, yet the total cost was kept at an extremely low figure. | [REDACTED]

WEARY AND ALFORD COMPANY

Bank and Office Buildings

1732 South Michigan Boulevard, Chicago



A Complete Financial Service

WITH enlarged facilities and greater resources The Seaboard National Bank, now located in its new modern bank building, is in a position to render its customers and friends a financial service of larger scope than heretofore—and a service, too, that will meet your every requirement.

We offer you a complete commercial banking service, both domestic and foreign, together with excellent facilities for the handling of all fiduciary matters through our well organized Trust Department.

Our officers will welcome the opportunity to explain in detail the practical value of the special features of this complete financial and trust service and the benefits you can derive from it in a personal and business way.

The Seaboard National Bank of the City of New York

Broad and Beaver Streets

Capital, Surplus and Profits over Eight Million Dollars

Improvement has been discernible for some time in the textile industry. The readiness—in spite of strikes as late as mid-summer—with which textile employees accepted wage readjustments, and the rapidity and thoroughness with which the textile manufacturers proceeded with the liquidation of their stocks prepared the industry for an early revival of activity.

The increasing activity of the cotton mills is indicated by the growth of their consumption of domestic and foreign cotton exclusive of linters, as reported by the Census Bureau. June consumption was 461,656 bales, the highest since August, 1920. The low point of last year was in December, when only 294,851 bales were consumed by the mills. Steady improvement followed until March, with a consumption of 437,933 bales. The following month showed a decline of 29,051 bales, but there followed successive increases in May and June. July consumption declined to 410,120 bales, but August again showed an increase to 467,103 bales, larger even than June.

Activity in the woolen mills followed rather closely that of the cotton mills. Statistics of the Bureau of Markets, Department of Agriculture, show an increase in the mill consumption of wool between December, 1920, and June, 1921, from 24,000,000 pounds to 52,384,000 pounds, and then a decline in July to 46,351,000 pounds.

Comparison with July, 1920, consumption, 32,374,000 pounds, however, gives a favorable perspective of the increased activity of the industry. Data prepared by the Bureau of Census lead to similar conclusions as regards idle machinery. Woolen spindles reported idle by 916 manufacturers on February 1, 1921, were 58.9 per cent. of their total spindles, while on July 1 only 20.5 per cent. of the total of such machinery was idle. The inactivity of July was reflected in the slight increase of idle spindles, to 21.9 per cent. on August 1.

On the same subject the Penn National Bank of Philadelphia says:

The cotton and textile markets have undergone a complete change during the month. The price of raw cotton has scored a violent rise, the peak in the early days of September being approximately 100 per cent. above the low point of the year reached in the early part of June. The incentive for the rise was furnished by the government's report on the size and condition of the crop as of August 25. The condition of the crop is the lowest in the history of the country, and the size, 7,000,000 bales, is the smallest of any year since 1892. The rise in prices has done much to transform the banking position of the South, and to help sentiment in that section of the country. If it is lasting it will have far-reaching results,

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$355,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

as it is already being reflected in the textile markets. Some of the mills are already booked up to the end of the year. Sales of printcloth, which have been averaging 100,000 pieces a week, suddenly jumped to 250,000 pieces in the week following publication of the report.

There is a curious statistical position in cotton which will bear the closest attention of all interested in this industry, especially the South, which has more than once lost out when it thought it had the situation well in hand. Our output of cotton for 1920 was 13,750,000 pounds, produced at prices ranging between twenty and thirty cents a pound. The greater part of the crop, however, was sold at a loss. This resulted in a campaign for a reduction in acreage, which, according to the government, amounted to twenty-eight per cent. In addition, there was a reduction of fertilizer amounting to fifty per cent. The result was an indicated crop of around 7,000,000 bales for the current year. The carryover from previous years is estimated at around 10,000,000 bales, which with the 7,000,000 bales for this year's crop make a total of 17,000,000 bales. Our normal exports are about 5,000,000 bales, and domestic consumption about 6,800,000 bales, which would leave a surplus of less than 6,000,000 bales, providing the carryover figures are reliable. But another fact must be taken into consideration and that is that this year's crop will be of very poor quality.

In view of the above, spinners who refused to buy cotton at thirteen cents a pound only two months ago were anxious bidders for the product at twenty-one and twenty-two cents a pound. The reason for this was that spinners were paying too much attention to the carryover and too little attention to the progress of this year's crop. Prices as a result soared when there was urgent bidding for cotton with the fear that there would not be enough to go around. Then, on the other hand, the cotton planter who is having his carryover financed by the banks is sitting tight and refusing to let his cotton go. He has witnessed an advance of 100 per cent in two

months and calculates it must go much higher. It is hoped, in view of the sufferings of the South within the past year, that he will get a good price for his output in order that he may recoup his losses of the last year. But in view of past experiences it would be considered wise judgment for him not to hold out too long. At best this year's crop will be merely a debt-liquidating proposition.

OUTLOOK FOR THE STEEL INDUSTRY

Improvement in the steel market is noted by the National State and City Bank of Richmond, Va., which states in a recent letter:

An increase of twenty-five per cent. in the steel trade is looked for by some experts during the next four months. The undertone of this great industry which was the last to enter the period of depression is better, the recent rise of \$2 or \$3 a ton in wire and wire products being the first reaction from the successive declines reported in the trade. Ingot production in August showed an increase in daily output over July of thirty-one per cent. and, while production for the whole industry is far below normal, increased inquiries from railroad and equipment companies are suggestive of much broader buying later on. This will be largely dependent, however, upon the ability of the railroads to give out orders for new rails, cars, equipment and other supplies. The potential demand is very great, for the railroads have been out of the market for many months and other consumers have held aloof expecting lower prices. One producer looks for sufficient improvement by the middle of 1922 to enable the industry to operate at about sixty per cent. of capacity. This means much more than before the war owing to larger productive facilities now available.

LIVING COSTS

A stabilization of living costs is observed by the National City Bank of

Chicago which states in its October letter:

Average living costs, according to the National Industrial Conference Board, advanced 1.7 per cent. in August. Average outlays for the wage earner's family on September 1 showed a decline of 19.4 per cent. since July, 1920, which was practically the peak level. It is evident that the high cost of rentals is figuring largely in the high cost of living. The fact that the Bradstreet index number of averages for the third consecutive month advanced during August, the figure on September 1 being \$11.08 as against \$11.05 the month before, indicates that merchandise prices throughout the nation have probably been fairly well stabilized. This does not mean, however, that prices for certain commodities may not be lowered. The world has paid dearly for the inflation movement and we are now only recovering from its excesses. This explains the irritation felt in various quarters at the failure of certain classes of retailers to accept the inevitable and lower their prices in accordance with replacement values.

THE BOND MARKET

The Federal Reserve agent at New York comments as follows on the current bond market:

In September, bond prices resumed the advance which had been interrupted during August. Trading was more active, and by September 20 representative averages rose one to one and one-half points above the levels of August 20 and four points or more above the average in the middle of June. A number of issues reached new high levels for the year. These gains were apparently based chiefly on continued evidence of an easier tendency in money, and the same industrial developments which affected the stock market.

Advances were distributed with fair uniformity through railroad, industrial, public utility, and foreign government groups. The continued strength of foreign issues was noteworthy, indicating that the American investment market, though comparatively unaccustomed to foreign investment, has absorbed the large amount of foreign financing done here in the past two years.

Japanese bonds continued active, and in late August reached new high prices for the year, from which, however there was some reaction. The Japanese Government announced that it had purchased in the open market and retired £6,352,240 of its four and one-half per cent. sterling bonds, which, together with previous retirements, leaves £36,323,280 outstanding of the two series of £30,000,000 each originally issued. Toward the close of September Mexican bonds made rapid advances in price.

August sales of corporation and miscel-

Resources

\$19,000,000.00

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C. G. FEIL, Cashier

A. J. ALLARD, Asst. Cashier

G. H. BANGERT, Asst. Cashier


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Trust Department

CHAS. W. CARY, Trust Officer



Quantity farm production at minimum cost requires dependable tractor power.

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laneous bonds on the New York Stock Exchange were the smallest reported for any month this year, and forty per cent. less than sales in August last year.

"HOW I KNOW BUSINESS HAS TURNED THE CORNER"

Writing under the above heading in November *System* W. P. G. Harding, Governor of the Federal Reserve Board, comes to the following conclusion:

All history shows that periods of prosperity and depression come in cycles, the rotation being about as follows: (1) prosperity; (2) liquidation; (3) stagnation, and (4) revival. At the present time the process of liquidation is well advanced and the end of stagnation and the beginning of the period of revival seem now to depend upon certain things which are susceptible of accomplishment in the near future, among which may be enumerated the financial rehabilitation of our great transportation systems and the determination of the policy of the government with respect to revenues and the tariff.

When the period of revival does definitely set in, to be followed by a new era of prosperity, let us remember that the greater the wave of prosperity and the more unrestrained the expansion and the speculation accompanying it, the sharper will be the depression that will follow. If, however, the lessons of the past two years are remembered, the next period of prosperity will be of longer duration than any we have had before and the subsequent reaction will be far less severe.

CHANGES IN RETAIL PRICES OF FOOD

The U. S. Department of Labor, through the Bureau of Labor Statistics, has completed the compilations showing changes in the retail cost of food in September, in

ten principal cities of the United States.

During the month from August 15 to September 15, 1921, there was a decrease in all but one of these cities. In Richmond there was an increase of two per cent. In Baltimore and Chicago there was a decrease of three per cent.; in Manchester, two per cent.; in Bridgeport, Butte, New York and Providence, one per cent. In Peoria and Washington, D. C., there was a decrease of four-tenths of one per cent.

For the year period, September 15, 1920, to September 15, 1921, there was a decrease of twenty-seven per cent. in Butte; twenty-six per cent. in Baltimore; twenty-five per cent. in Chicago, Manchester and Peoria; twenty-three per cent. in Bridgeport, New York and Providence; twenty-two per cent. in Richmond; and twenty-one per cent. in Washington, D. C.

As compared with the average cost in the year 1913, the retail cost of food on September 15, 1921, showed an increase of sixty-seven per cent. in Richmond; sixty-five per cent. in Washington, D. C.; sixty-three per cent. in Providence; fifty-eight per cent. in Manchester; fifty-seven per cent. in New York; fifty-five per cent. in Chicago; and fifty-four per cent. in Baltimore. Prices were not obtained from Bridgeport, Butte or Peoria in 1913, hence no comparison for the eight-year period can be given for these cities.

TAXATION

The Girard Trust Company of Philadelphia in its October letter names taxation as the all-important problem of the day and says:

In this period of readjustment the thing which merits the greatest attention is taxation. Manifestly the way to reduce taxation is to decrease governmental expenditures.

Taxes have risen faster than any other commodity, and there can be no attainment of what President Harding calls normalcy until the nation gets back to a position where the tax gatherer can no longer waylay and sandbag capital at every turn in the road of industrial enterprise.

Long ago David A. Wells, the adviser of Lincoln, observed: "Taxation is to our body politic what blood is to the body physical: if healthy, infusing life and warmth; but if unhealthy, the agent for producing discontent, decrepitude and paralysis."

Everywhere comes a demand for a severe scaling down in public expenditure. There is universal desire for greater economy in government, so that the American Congress in framing a new revenue law now faces one of the biggest problems that ever confronted a legislative body.

A complete overhauling of the income tax law would be a good place to begin, because no unbiased person can deny that the present law is doing more than any other

EVERY WORKER



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Headquarters

—whether he operates on the farm, or in shop, store, office or factory, needs the bank to safeguard his money as much as he needs his work to earn it.

Not every worker realizes this need; some are but vaguely aware of it, and even those who know it well are not always bank patrons.

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PHILADELPHIA PENNSYLVANIA

one agency to keep mills silent, labor idle, capital scarce, and prices high.

There is ample proof that it does all of these things. The department of the Attorney General of the United States is said to have stated that the income tax added very nearly twenty-three per cent. to the cost of living. This is rather a jolt to the man in the street, who foolishly imagined that "soaking the rich with a big income tax" was the way to escape tax burdens for himself.

But every excessive tax is inevitably passed along to the ultimate consumer, which is the public, and frequently also fails to produce revenue. Thus at one time during the Civil War an abnormal tax was levied upon whiskey but instead of producing the revenues needed to maintain Grant's armies, it resulted chiefly in creating an army of fraudulent distillers all over the land.

"UNEMPLOYMENT PANACEAS"

Under the above heading the October 8 *W. J. Wollman & Company Review* states:

It is unfortunate for the great masses of people that their self-appointed leaders have so little confidence in the common sense of the public. If it were not for this

shortcoming, the question of unemployment would be most easily answered. The conference at Washington has been firmly committed to the idea that the wage question should not be brought into the forefront of the discussion. It would be just as logical in the forthcoming disarmament congress to bar raising the question of naval strength or standing armies.

Unemployment is a social malady that cannot be cured by covering up the infected portions by such court plaster devices as "split employment," increased expenditures for public works, or pleasing academic suggestions about arriving at a basis that is "fair to both capital and labor." Unfortunately, the issue involved in unemployment is not between employer and employee, but between one group of producers and another whose products have to be interchanged, or between one country and another whose products have to be interchanged.

Consequently, no matter how zealously we may oppose the introduction of the "taboo" question of wages, it is something that, like Banquo's ghost, will not "down". It may not be polite to mention wages in a discussion of unemployment, but the whole problem revolves around the pivot of production costs. It is possible, for instance, that in the question of coal prices the item of profits is all important. This is ex-

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tremely doubtful. When we come to the matter of transportation costs, it is possible that the railroads are profiteering in the charges on freight and passenger traffic. It is doubtful if any audit would bear out such a claim.

Cheaper coal, which would mean cheaper power, and cheaper transportation which would mean a reduction in the living cost of every human being in the United States, can be soundly effected only through a reduction in the cost of producing this commodity and this service. No one is fatuous enough to believe that the cost can be substantially reduced, without concessions on the part of labor.

THE ARMAMENT QUESTION

In its current letter the American Exchange National Bank of New York says:

It must be understood that the purpose of the international conference which has been called by President Harding to meet at Washington in November is the limitation and reduction of armaments, and not complete disarmament overnight. If it were

possible to reach a complete disarmament agreement in a single conference, the governments of the world could not carry it into effect. The economic displacement that would result from such a step would be quite as disastrous as would be our adherence to existing programs. Immediate disarmament would result in an economic cataclysm, in a disturbance that would crack the foundation stones of half of our basic industries, whereas the effect of a persistence in existing programs might be likened to a steady increase in atmospheric pressure under the weight of which industry would be slowly suffocated. Convert the cost of ships and munitions into terms of labor and materials and observe how deeply rooted they are in the industry of the world. A modern dreadnaught consumes three or four times as much steel as a Woolworth Building. Trace that steel back through the hands of the expert mechanic who riveted it, to the miner who dug the ore out of the earth, the laborer who fired the furnace that made the coke that made the iron that made the steel that made the ship and the guns, and ponder the ramifications of a battleship or of a big gun, which alone costs \$300,000, mostly labor.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia



Two Cities on Manhattan Island

BOTH ARE NEW YORK, but so complete is the section which we know as "uptown" with its magnificent stores, its hotels, its industries, its countless business offices, its great railroad terminals, its theatres, that it is a city within a city.

A bank, to really serve this up-

town city, must bring here its full facilities.

Mercantile presents to uptown business, through its new branch, not only its facilities, but that policy of co-operation with customers which has become recognized since the bank's inception.

You are invited to call and meet the Mercantile's officers.



Mercantile Trust Company
115 Broadway, New York

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AN individual bank building of brick and marble, following Colonial lines in keeping with the traditions of old New London and its oldest banking institution, the National Bank of Commerce.

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

31 East 27th St., New York

511 Blackstone Building, Cleveland, Ohio

EASTERN STATES

METROPOLITAN TRUST COMPANY
TO MOVE

From its present location at 60 Wall street, the Metropolitan Trust Company of New York expects to move its main office on or about January 1, 1922 to 120 Broadway where it has leased part of the Broadway front of the ground floor of the Equitable Building. This is one of the most central and desirable locations in the entire financial district.

Harold B. Thorne, vice-president of the Metropolitan Trust Company, who obtained the lease for his company says, "The Equitable Building is the center of things and we are especially fortunate to get such a satisfactory lease. It runs for fourteen years and has renewal privileges."

The Metropolitan Trust Company opened for business December 1, 1881, at 41 Pine street and has moved several times into larger quarters. The main office has always been in the Wall street district, although a branch office was opened at 716 Fifth avenue in 1916.

A number of the leading financiers of New York State have been on the directorate of the company at various times. The original capitalization was for \$1,000,000 but it was doubled in 1903. The last statement showed capital, surplus, and undivided profits of \$5,393,000.

The present directors are: Theodore C. Camp, director Lawyers Mortgage Company; William Carpenter, W. & J. N. Carpenter; Pierre C. Cartier, Cartier, New York; Beverly Chew, director Geneva Trust Company; Thomas DeWitt Cuyler, director Pennsylvania Railroad Company; Cornelius Eldert, president Atlantic Mutual Insurance Company; Haley Fiske, president Metropolitan Life Insurance Company; Harold Herrick, director Niagara Fire Insurance Company; Erskine Hewitt, vice-president Union Sulphur Company; Arthur A. Houghton, director Corning Glass Works; Henry W. Marsh, Marsh & McLennan, insurance; Raymond T. Marshall, director and treasurer Wilcox, Peck & Hughes; Bradley Martin, director Hudson Trust Company, New Jersey; Walter E. Maynard, New York; Ogden Mills, director New York Central Railroad Company; Charles W. Ogden, Ogden & Wallace, iron and steel; Herbert Parsons, Parsons, Closson & McIlvaine, lawyers; Harold I. Pratt, Charles Pratt & Company; William Ross Proctor, Abbott, Hoppin & Company; Cornelius A. Pugsley, president Westchester County Na-

Butter—Cheese
Poultry—Eggs

Over \$300,000,000 worth of butter, cheese, eggs and poultry are sold each year in the New York wholesale district. As so many dealers in these products are valued customers of ours, direct contact and first-hand knowledge contribute most effectively to the efficiency of our service to out-of-town banks. Write us about your particular requirements.

**ATLANTIC
National Bank**
257 Broadway—Opposite City Hall
NEW YORK CITY

tional Bank; Joseph J. Slocum, director Western Union Telegraph Company; Harold B. Thorne, vice-president; George C. Van Tuyl, Jr., chairman of board Continental Guaranty Corporation; Alfred P. Walker, president Standard Milling Company; Joseph Walker, Jr., Joseph Walker & Sons.

BANKERS TRUST TAKES OVER
10 WALL STREET

The Bankers Trust Company of New York has moved several departments to the building at 10 Wall street, reconstructed to fit the needs of the institution. The moving of these departments out of the main building at 16 Wall street has provided more space to the bank there, which will be utilized by the remaining departments.

CHATHAM AND PHENIX BRANCH
IN NEW HOME

The branch of the Chatham and Phenix National Bank of New York, located at Sixty-first street and Broadway, removed September 6, to its new and spacious loca-



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with us whereby they can, as
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tion at the corner of Thirty-ninth street and
Seventh avenue, where the bank has fitted
up handsome quarters for its rapidly in-
creasing business.

OPENS OFFICE IN BALTIMORE

The Equitable Trust Company of New
York announces the appointment of R. C.
Hoffman, Jr. as its representative in Balti-
more, where the company is opening an
office in the Keyser Building.

LECTURES ON FOREIGN AND RAILROAD BONDS

Growing sales of foreign government
bonds in this market make timely the course
of lectures on foreign bonds at New York
University this season. The lectures are
given at the Wall street division by
Albert W. Kimber, author of "Foreign Gov-
ernment Securities," a text-book on the sub-
ject. The internal and external bonds of
all the principal governments in the world
will be analyzed and compared, and the
relative investment position of each deter-
mined. Analysis will be made of the rev-

enue and expenditure, public debts and
other finances of the governments discussed,
also of foreign municipalities, railroads and
other corporations which come into the in-
ternational market for capital.

These lectures began on September 20
and are given each Tuesday evening from
5.15 to 7 p. m.

The Wall street division of New York
University presents also a complete course
of lectures in railroad bonds for the coming
term. Studies will be made of every rail-
road system in the United States, showing
the relative investment position of its bonds,
the reasons therefor and the various factors
which affect market prices of these securi-
ties. The special features of various classes
of railroad bonds, such as mortgage se-
curity, convertible issues, equipment trusts,
and the like, will be fully covered, together
with such new influences as the tentative
valuations of the Interstate Commerce Com-
mission. The lecturer will also be Albert
W. Kimber.

The course began September 21, the lec-
ture hours being 5.15 to 7 p. m. every Wed-
nesday. Applications for both courses should
be made to the Wall street division, New
York University, 90 Trinity place.

CHASE NATIONAL BANK

At a regular meeting of the board of di-
rectors of the Chase National Bank of New
York, Sherrill Smith was elected a vice-
president.

Jeremiah Milbank has been elected a di-
rector of the bank. Mr. Milbank is a mem-
ber of the firm of Milbank Company.

ISAAC MICHAELS

Isaac Michaels, trust officer of the Bank-
ers Trust Company of New York has com-
pleted thirty-five years of continuous serv-
ice in trust administration. Mr. Michaels
came to the Bankers Trust Company when
it took over the Mercantile in 1911 and in
appreciation of his long and continuous
service, the officers of the Bankers Trust
Company presented to Mr. Michaels this
week a silver loving cup, suitably in-
scribed, and the members of his department,
a silver vase.

INVESTIGATION OF BANK SALARIES AND EXPENSES

The research department of Prentice-
Hall, Inc. of New York has just issued a
report giving a large amount of data show-
ing the present practice of banks with re-
gard to salaries and expenses for current
operation. The report is based on figures

furnished by 163 banks. One of the most interesting features of this report is a detailed analysis of yearly salaries paid to minor officials and employees. These were grouped as follows, assistant cashiers, tellers, bookkeepers, clerks and janitors.

In estimating bank expenses a unit of \$1,000,000 of deposits was taken as a basis. For instance, rent in a certain group of banks was figured at \$1,501 per "unit of deposits." Expense figures are given on the following items: rent, taxes, insurance, depreciation, bad debts, replacement of equipment, salaries, stationery, stamps and printing, upkeep and maintenance, miscellaneous items.

The report shows that for banks with deposits of over \$25,000,000, total operating expenses average \$20,234 per "unit of deposits." For banks with deposits of under \$25,000,000 total operating expenses average \$26,630 per "unit of deposits."

The report also gives a large amount of data on the expenses involved, and the best methods employed in soliciting new business.

The information contained in this report being up-to-date and based upon actual figures obtained from reliable sources should be of considerable value to bank executives.

ARTHUR LEDERER

Arthur Lederer, vice-president of the Standard Bank of New York, has returned from Europe, where he perfected arrangements to facilitate handling of the foreign business of the bank in Czechoslovakia, Rumania, Poland, Austria and Hungary.

WINTHROP W. ALDRICH

Winthrop W. Aldrich of the law firm of Murray, Prentice & Aldrich has been elected a director of the Bankers Trust Company of New York.

STUART D. PRESTON

Stuart D. Preston has been elected an assistant secretary of the American Trust Company of New York.

N. Y. BANKS SAVE \$1,000 A DAY BY NEW POSTAL PLAN

Under new methods of handling mail in the financial district a saving of \$1,000 a day in interest charges on the basis of five and one-half per cent. is being effected to the business community of New York, according to a report to Postmaster General Hayes from the Federal Reserve Bank of New York.

Special arrangements for having the mail made up in direct sacks and delivered di-

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$1,000,000**, Surplus and Undivided Profits of **\$2,375,000** and Total Resources of over **\$35,000,000**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

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(NATIONAL BANK)

PHILADELPHIA

1921

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Djörup & McArdle**
42 Broadway, New York

rect to the postal stations in the financial district without going through the general post-office, it was said, often avoids a twenty-four-hour delay in delivery and permits checks to be put through the clearing-house before transactions close.

RESERVE BANK CHANGE

The Federal Reserve Bank of New York announces that Ray M. Gidney, who has been manager of the Buffalo branch of the Federal Reserve Bank of New York since May 15, 1919, has now been appointed controller at large at the main office in New York. The change was to be made effective immediately. Walter W. Schneckenburger succeeds Mr. Gidney as manager of the Buffalo branch.

AMERICAN INSTITUTE OF BANKING IN NEW HOME

There is a constantly increasing demand on the part of members of the staffs of New York city banks for wider educational opportunities "after hours." As a result, the New York chapter of the American Institute of Banking has moved into new and

larger quarters on the second and third floors of 15 West Thirty-seventh street. Last year 2,000 students were registered in the chapter's sixty-four courses, which run the range from mere arithmetic up to the intricacies of corporation finance, foreign exchange and business law.

More than a dozen spacious recitation rooms are provided in the organization's new quarters, as well as a library and lounging room, a large auditorium that can be used both for dances and for chapter meetings, and administrative quarters. The chapter's fall term opened September 26.

GEORGE P. KENNEDY

George P. Kennedy, formerly president of the Italian Discount and Trust Company and more recently with the Guaranty Trust



GEORGE P. KENNEDY

Recently elected vice-president of the Chatham and Phenix Bank, New York

Company of New York, has been elected a vice-president of the Chatham and Phenix National Bank and will have charge of its branch at Thirty-third street and Fifth avenue.

NATIONAL CITY BANK

Directors of the National City Bank of New York at their regular meeting ac-

cepted the resignation of Robert S. Lovett as a member of the board.

James A. Jackson, an assistant cashier of the bank, was appointed an assistant vice-president. The resignation of Rodney Dean as assistant cashier was accepted.

The directors of the bank declared the regular quarterly dividend of four per cent. and an extra dividend of one per cent. The directors of the National City Company declared the regular quarterly dividend of two per cent. These dividends were payable October 1 to stockholders of record September 20.

NEW YORK TRUST COMPANY MOVES

The cash and securities of the New York Trust Company amounting to \$3,000,000,000 were transferred from the old main office of the company at 26 Broad street and the Liberty branch to new offices and vaults at 100 Broadway, on October 1 and 2. The transfer, necessarily slow because of the great care that had to be exercised, was begun at 2 o'clock Saturday afternoon and was not completed until late on Sunday.

Only a small part of the securities moved were the property of the trust company. The last statement of the company showed capital, surplus and undivided profits of more than \$26,000,000; deposits totaling more than \$152,000,000, and resources of \$210,000,000. All the remainder is made up of securities the company holds as trustee.

The moving was the result of the consolidation of the New York Trust Company and the Liberty National Bank on April 1, which made more room necessary. The company leased the basement and first three floors at 100 Broadway from the American Surety Company for twenty-one years. The moving of files and other papers were in progress for nearly a week. The company was ready for business on October 3.

QUARTERLY DIVIDENDS

The board of directors of the United States Mortgage and Trust Company of New York has declared a quarterly dividend of four per cent. on the capital stock of the company, payable October 1, 1921, to stockholders of record September 29, 1921.

This dividend on the increased capital is equivalent to the former quarterly dividend of six per cent.

The directors of the Columbia Trust Company of New York have declared the regular quarterly dividend of four per cent., pay-



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NATIONAL BANK**
Philadelphia

able September 30 to stockholders of record September 20.

Trustees of the New York Trust Company have declared a quarterly dividend of five per cent. This is the second quarterly dividend of five per cent declared since the consolidation with the Liberty National Bank on April 1.

W. C. POTTER ELECTED PRESIDENT GUARANTY TRUST COMPANY

Charles Hamilton Sabin, for six years president of the Guaranty Trust Company of New York, has been elected chairman of the board and William C. Potter, the present chairman, has been elected president.

Two new directors were elected, Edward R. Stettinius and George Whitney, both of J. P. Morgan & Co.

Mr. Potter has been actively associated with the management of the company for many years, and his ability and judgment

Mr. Sabin will continue to devote his entire time to the management of the company and will maintain close touch with its affairs and its customers.

Mr. Potter, who was elected chairman of the board of directors of the Guaranty Trust Company last January following the



CHARLES H. SABIN

Who was recently elected chairman of the board of the Guaranty Trust Company of New York

have been real factors in helping in its up-building. He is thoroughly familiar with its affairs, and as president his recognized capacity as an executive will have a wider field of activity. As chairman of the board,



WILLIAM C. POTTER

Who was recently elected president of the Guaranty Trust Company of New York

death of Alexander Hemphill, is a mining engineer by profession. As a member of the firm of Guggenheim Brothers, he has been identified with many of their activities in Mexico and the southwest.

He was born in Chicago on October 16, 1874. He graduated from the Massachusetts Institute of Technology in 1897, receiving the degree of Bachelor of Science in mining engineering. After following his profession in Mexico, Colorado and Montana, Mr. Potter was appointed general manager of the Guggenheim Exploration Company in Mexico, later transferring his activities to a similar post with the American Smelting and Refining Company for Mexico and the southwest.

In 1911 he became president of the Intercontinental Rubber Company, relinquishing that position a year later to accept a

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vice-presidency in the Guaranty Trust Company. He continued with the bank until March 15, 1916, when he was elected a member of Guggenheim Brothers, returning to the Guaranty Trust Company in January, 1921. During the participation of the United States in the war, Mr. Potter was summoned to Washington and appointed chief of the Equipment Bureau of the Air Service. He was decorated with the Distinguished Service Medal by this country. The Italian Government made him a Commander of the Order of the Crown.

Mr. Potter is a member of the American Institute of Mining and Metallurgy. He is a brother-in-law of Charles H. Sabin. His clubs are the Piping Rock, Metropolitan, Racquet and Tennis and National Golf Links.

Mr. Sabin started his banking career as a clerk in the National Commercial Bank in Albany in 1887. After a succession of promotions he became manager of the National Commercial Bank and in 1907 came to New York as president of the National Copper Bank, which was merged with the Mechanics and Metals National Bank, of which combined institution he became a vice-president. He went with the Guaranty Trust Company as a vice-president in 1910, and became its president in 1915, succeeding Alexander J. Hemphill, who became chairman.

The addition of two members of the firm of J. P. Morgan & Co. gives that banking house the representation of three directors on the Guaranty Trust Company's board. Mr. Stettinius, who was director of purchases during the war, and prior to that time represented the Morgan firm in the purchase of all war materials for the allied governments, is considered the industrial specialist of the Morgan banking house. Mr. Whitney, the other new director, has recently had charge of important new financing done by J. P. Morgan & Co., including

the French loan. The other Morgan partner on the board of directors is Thomas W. Lamont, who is also chairman of the Guaranty Trust Company's executive committee.

**W. E. FREW NEW HEAD OF
CLEARING-HOUSE**

Walter E. Frew, president of the Corn Exchange Bank of New York, has been elected president of the New York Clearing-house Association, succeeding Albert H. Wiggin, chairman of the Chase National Bank, who has served as the association's head for one year. Lewis L. Clarke, president of the American Exchange National Bank, was elected secretary to take the place of Herbert K. Twitchell, chairman of the Chemical National Bank. William J. Gilpin was reelected manager, Clarence E. Bacon, assistant manager and Charles A. Hanna, examiner.

Officials of the clearing-house report the following transactions for the year ended September 30, 1921: Exchanges, \$204,082,339,375; balances, \$20,860,245,122. The average daily transactions for the year were as follows: Exchanges \$673,539,073, and balances, \$68,845,693.

During this year the largest single day's exchanges in the sixty-eight years' history of the clearing-house were recorded. This was on January 3, 1921, when clearings amounted to \$1,423,063,788. The largest balances on any one day of the year were on December 17, 1920, when the amount was \$156,454,733. The largest total transaction on any one day during the year was on January 3, 1921, when they were \$1,524,839,212. The smallest exchanges on any one day during the year were on March 26, 1921, when they amounted to \$288,215,832. The smallest balance on any one day during the year was on March 26, 1921, when the total was \$42,606,002. The smallest total

transactions on any one day were on March 26, when the total was \$330,822,734.

Transactions by the clearing-house for the Federal Reserve Bank of New York were as follows: Debit exchanges, \$3,606,428,553; credit exchanges, \$20,966,754,726; credit balances, \$17,360,326,172.

The association is now composed of twenty-four national banks, twelve state banks and fourteen trust companies. The Federal Reserve Bank of New York and the Clearing-house city collection department also make exchanges at the clearing-house, making fifty-two institutions clearing direct. There are nine banks and trust companies, not members of the association, which make their exchanges through banks that are members, in accordance with constitutional provisions. As compared with fifty-two banks now clearing, there were fifty-five members in the 1919-1920 year and sixty in the year before that. The high marks were reached in 1895 and 1911, when the total number were sixty-seven. The decline in members is due to a number of consolidations.

The clearings of \$204,082,339,375 are the third highest in the association's history. The high mark was reached in 1920, when clearings amounted to \$252,838,249,466. Total transactions since the organization of the clearing-house, sixty-eight years ago, have amounted to \$4,002,369,102,506, of which \$3,774,239,701,965 was for exchanges and \$228,129,400,539 for balances.

The following committees were named recently: Clearing-house committee: Francis L. Hine, president of the First National Bank, chairman; Seward Prosser, president Bankers Trust Company; Stephen Baker, president Bank of Manhattan; Gates W. McGarrah, president Mechanics and Metals National Bank; William A. Simonson, president Second National Bank.

Conference committee: Richard Delafield, president National Park Bank, chairman; Charles H. Sabin, president Guaranty Trust Company; Herbert L. Griggs, president Bank of New York; Edward C. Delafield, president Bank of America; William V. King, president Columbia Trust Company.

Nominating committee: Rallin P. Grant, vice chairman Irving National Bank, chairman; John F. Frederichs, president Continental Bank; Herman D. Kountze, president Atlantic National Bank; E. Hayward Ferry, vice-president Hanover National Bank; Edwin P. Maynard, president Brooklyn Trust Company.

Committee on admissions: Ruel W. Poor, president Garfield National Bank, chairman; Herbert P. Howell, vice-president National

Bank of Commerce; O. H. Cheney, president Pacific Bank; James H. Perkins, president Farmers Loan and Trust Company; Edward P. Townsend, vice-president Importers and Traders National Bank.

Arbitration committee: Oscar Cooper, president New York County National Bank, chairman; J. Stanley Foster, president Bowery Bank; Samuel M. Miller, vice-president Chase National Bank; G. Foster Smith, president Nassau National Bank; Alexander S. Webb, president Lincoln Trust Company.

The following were elected officers and directors of the New York Clearing-house Building Co., William A. Nash, chairman Corn Exchange Bank, president; Stephen Baker, president Manhattan Company, vice-president; Richard Delafield, president National Park Bank; Alexander Gilbert, vice-chairman Irving National Bank, and Edward Townsend, chairman of the board Importers and Traders National Bank.

NEW METROPOLITAN BANK OFFICER

Alfred W. Hudson has been elected vice-president of the Metropolitan Bank of New York to succeed Augustus G. Corby, deceased. Mr. Hudson was formerly president of the First National Bank of Syracuse and more recently vice-president of the Semet-Solvay Company, in charge of finances. His association with the Metropolitan Bank marks his re-entrance into the banking business after several years' experience in the mercantile field.

CHASE NATIONAL BANK TAKES METROPOLITAN SOON

Merger of the Chase National Bank of New York with the Metropolitan National Bank, agreed upon several months ago, will be consummated shortly, according to an announcement made recently by the banks. The exchange of stock by which the Chase National takes over the Metropolitan National will make necessary the increase of Chase National's capital stock from \$15,000,000 to \$20,000,000. At the same time the capitalization of the Chase Securities Corporation will be increased from 150,000 to 200,000 shares of non par value stock. Through the purchase of the Metropolitan Bank the Chase National will acquire seven branch banks, located advantageously throughout New York City and Brooklyn, which, after the merger has been completed, will bear its name.

The merger was approved by directors of the Chase National Bank September 28, and a special meeting of stockholders will be

held November 1 to ratify the consolidation.

The merger agreement provides in substance that, after the equalization of the book values of the two banks by the payment by the Metropolitan Bank of a special dividend of \$50, the shareholders of the Metropolitan will be entitled, at their option, to receive for each of their shares either a share of the Chase National or \$300 in cash. It is provided that the additional shares not required for exchange for Metropolitan stock will be offered the present stockholders of the Chase National Bank.

Because all of the holders of the Metropolitan Bank stock, with the exception of a few shares, have elected in advance to accept the cash payment therefor, arrangements have been made whereby holders of Bankers' Trust Company receipts will be entitled to subscribe for one new share of the bank and one new share of the Securities Corporation for each three shares thereof covered by the receipts registered in their respective names upon the books of the Bankers Trust Company, on November 4, at a cost of \$225 for one share of stock of the bank and one share of stock of the Securities Corporation, \$200 of which will be received by the bank and \$25 by the Securities Corporation.

The Chase National Bank, according to its latest statement, has deposits of \$290,957,006 and the Metropolitan \$49,420,668, making combined deposits of \$340,377,674. The total assets of the Chase National are \$377,767,860 and of the Metropolitan \$56,796,056, making a total of \$434,563,916.

TRUST DEPARTMENT FOR SARANAC LAKE BANK

William Minshall, president of the Adirondack National Bank, Saranac Lake, N. Y., has announced that the bank would apply shortly for an increase in the powers of its charter so as to add a trust department. The announcement came immediately after the bank had awarded the contract to local builders for an addition to its building, 30 by 30 feet, three stories high, and strictly fireproof. The new addition is required to accommodate the bank's growing business although it already has one of the largest and most substantial bank buildings in upper New York State. The addition will devote its two lower floors to banking offices, including the new trust department, and the top floor will be fitted out with rest room, dining room and kitchen for the use of the bank's employees. In its statement of September 6, 1921, the bank showed capital stock, \$50,000, surplus fund, \$50,000, undivided profits, \$96,422.30, and deposits

of \$1,265,346.86. It was said that the bank's capital will be increased to \$100,000.

DISCOUNT CORPORATION STATEMENT

The statement for the third quarter of 1921, issued by the Discount Corporation of New York, shows capital, surplus and undivided profits of \$6,873,316 and assets of more than \$72,770,000.

The corporation was organized in January, 1919, by commercial and financial interests with the view of stabilizing and further developing the open discount market. It discounted and resold to investors, banks, individuals, firms and corporations throughout the United States during 1919 an aggregate of \$854,986,121 of bank and bankers' acceptances, and bank-endorsed trade bills; in 1920, \$1,780,943,651 and for the first nine months of 1921, \$1,819,907,940—a total turnover of \$3,955,887,712 in thirty-three months. Every acceptance was paid promptly.

SOUTHWARK NATIONAL BANK

The new, enlarged and improved quarters of the savings fund, foreign exchange and steamship tickets departments of the Southwark National Bank, Philadelphia, Pa., were opened recently. There are also reception and waiting rooms for customers and a private consultation room.

The second floor contains the spacious, well-lighted and ventilated offices of the bookkeeping, transit and mailing departments.

PHILADELPHIA BANK CLUB HAS TOURNAMENT

The second annual handicap golf tournament of the Bank Officers' club of Philadelphia was held on the Merion Cricket Club, West Course, September 13.

A beautiful sterling silver cup was given to Harry F. Richards, winner of the tournament. Some of the net scores were as follows:

Albert H. Ashby, Central National Bank, 86; F. Lewis Barroll, Girard Trust Company, 86; C. B. Chaffee, First National Bank, 90; A. G. Felix, Peoples Bank, 89; P. E. Guckes, Integrity Trust Company, 94; H. J. Haas, First National Bank, 80; Chas. K. Lukens, Central Trust and Savings Bank, 82; C. L. Martin, Kensington Trust Company, 88; J. S. McCulloch, Union National Bank, 90; H. B. Reinhart, Union National Bank, 81; H. F. Richards, Federal Trust Company, 77; H. W. Stehfest, Commercial Trust Company, 93; Walter Wil-

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AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

liams, National Bank of Germantown, 91; O. Howard Wolfe, Philadelphia National Bank, 90.

A box of Corona balls offered by Robert Caverly, president Corona Rubber Company, to the player or players making a score nearest to a blind number, was won by H. B. Reinhart and Chas. K. Lukens.

FIRST NATIONAL BANK OF FLEETWOOD, PA., HAS NEW HOME

A new bank building for the First National Bank of Fleetwood, Pa., was opened recently. A new building became necessary because of the great increase in the business of the bank. This bank was organized in 1907 and its remarkable growth is shown in the increase of deposits from \$20,068.50 in December, 1907 to \$846,014.67 in June, 1921. Its resources have increased from \$37,380.85 to \$1,008,899.24. The president of the bank is Daniel F. Kelchner.

WAYNESBORO BANK INSTALLS SERVICE DEPARTMENT

At a regular meeting the board of directors of the First National Bank in Waynesboro, Pa., voted to install a service department in connection with the other functions of the institution.

Joseph E. Guy, until recently secretary of the Chamber of Commerce in Chambersburg, has been elected manager of the new department.

Mr. Guy enters upon his duties at once, but before commencing actual work will visit New York and a number of the larger Pennsylvania cities, where a similar plan is in operation, securing information and data which will be of service to him in his new work.

The service department idea with banks is a new one and has only been in force in the larger institutions of the country during the last few years. No other bank in the Cumberland valley has a service department so extensive in scope or in fact at all similar to the one proposed by the First National, and there is no record of any small city bank within a radius of several hundred miles of Waynesboro installing such a service.

The work of the department, as before stated, will be to build up the community. Any problem that confronts the head of a family or the head of a business, the mechanic or the farmer, the young man or young woman starting life's journey, will come in line of the bank's service department and Mr. Guy will attempt to solve it.

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**Transacts commercial
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of every nature**

Make it your New England correspondent

**Capital, Surplus and Profits
\$37,500,000**

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

EASIER money, a better demand for manufactured goods and a lessening of unemployment are the highlights of the New England situation at the present time. Pending the settlement of the tariff and taxation schedules New England industries have been and are still inclined to make haste slowly, particularly in the case of concerns doing a foreign business of any size. Prominent manufacturers of this latter class feel that while it may be a year before their entire business will assume normal proportions, the purely domestic end is very rapidly approaching normal. The cotton mills are rushed with orders, the woolen mills are busy, orders in the shoe and leather industries are steadily increasing, and there is a much more optimistic feeling through these trades. Prices are more stable and there is a feeling that in most lines the bottom has been reached. The shoe trade is feeling much better. Stocks of shoes in the hands of retailers are getting low and the latter are again buying rather freely. This end of the trade has been very slow in readjusting itself to the new conditions.

In spite of reports of increased tax rates from many New England cities and towns, real estate is becoming active, due in large measure to a better supply of mortgage money at reasonable rates. Building has taken a decided step forward, with lower prices for both labor and materials.

Conditions in the farming sections of New England are satisfactory. A prominent banker who recently took a trip through the northern section of New England reported the farmers as being in a prosperous condition. Crops have been good and the potato growers of Maine are expecting to receive good prices for their new crop. The big yields and high prices of the war years put many of these Maine farms in a very prosperous condition and farm values have risen materially.

In the industrial centers there has been a great deal of agitation over the "terrible increase in unemployment." Recent investigations have shown, however, that earlier reports were not only greatly exaggerated but were formulated on a misleading basis. Unemployment is steadily on the decrease and the number who are out of work involuntarily is not so much above normal as we have been led to believe. Business failures are nearly normal and the figures do not indicate any special strain in any particular line of industry or locality.

The big stores report steady buying of

seasonal goods and while collections have been pretty hard for the past month it must be said in all fairness that much the same condition is met with during this tag-end of the vacation season every year. Concerns whose business is dependent upon the efforts of traveling salesmen report, almost as a unit, that "business is there if you go after it hard enough." Much of the talk of hard times peters out when you get right down to cases with the calamity howlers.



MUST DIG AWAY THE HILL

The *July Foreign Trade Review*, issued by the National Shawmut Bank of Boston, Mass., emphasizes the fact, too often overlooked, that banks cannot create the exchange credits, so useful a feature of foreign trade: "trade balancing trade, must do that." The article says: "Trade cannot freely climb a strong up-grade and if we wish to secure its full volume, we must dig away the hill of unequal exchange."

"To level this hill we must transfer money or credits to Europe otherwise than in payment for goods. Something of this can be, and is, done in payment for 'invisible imports'—transportation, insurance and other services; but our chief opportunity is through foreign investments. In the days when we were a debtor nation Europe sent capital here to finance our industries. This served to balance exchange, and, in the early days of the war provided a fund of credit for the Allies' purchases. Now that we have the credit we must, if we are to restore a measurable parity of exchange, send it to Europe on the security of Europe's capital goods—her reliable industries; and for a year and a half we have had, in our Edge Law, a government provision for advantageously effecting this by transforming foreign mortgages into safeguarded debentures that should be readily salable in our markets."

Reference is made to the so-called Ter Meulen plan for dealing with the present exchange situation. The article points out that while this plan may prove a valuable adjunct to the Edge Law it should be borne in mind that our participation means not only that we are doing our duty, but are, in addition, taking advantage of a profitable opportunity.

COLONEL SAMUEL P. COLT

Colonel Samuel Pomeroy Colt, founder of the Industrial Trust Company of Providence, R. I., chairman of its board of di-

rectors and the board of directors of the United States Rubber Company, and a commanding figure in the industrial life of this country, died at his home, Linden place, in Bristol, R. I., on August 13, after an illness of two months. His illness, beginning as a nervous ailment, took a serious turn on August 5, when cerebral thrombosis developed, which paralyzed his right side and deprived him of speech. Although in his seventieth year, Col. Colt's vigorous constitution aided him in making a struggle for life which more than once led his physicians to hope that he would conquer his illness.

One of the most interesting of the scores



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SAMUEL G. COLT

Late chairman of board, Industrial Trust Company of Providence, whose death occurred recently

of corporations which his abilities helped shape and bring to prosperity is the Industrial Trust Company of Providence, which Col. Colt founded in 1886 with a capital of \$500,000. The institution began its existence at 5 Custom House street, but in a few months moved to larger quarters. Business increased, and in 1891 the site of the present Industrial Trust Building was purchased and work on the new structure begun. The company moved to its present

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location July 1, 1894. From that time its growth has continued, it has absorbed a number of other banks and has opened branches in most of the cities and larger towns of Rhode Island. It is one of the foremost financial institutions in New England, and has a present capitalization of \$3,000,000,000, with a surplus and undivided profits of over \$6,000,000, and total resources of more than \$80,000,000. Colonel Colt was president of the organization until 1907, when he resigned and became chairman of the board.

While Col. Colt was organizing the trust company and managing its affairs as president, he was also entering the field of rubber manufacturing, in which he forged to the top. He reorganized the bankrupt National Rubber Company of Bristol, R. I., under the name of the National India Rubber Company, and as president and treasurer, in 1892 joined in the formation of the United States Rubber Company, being one of its board of directors. In 1896 Col. Colt was elected secretary of the consolidation, and in 1901 he was chosen president. He began paying off or funding the debt of the corporation and put it upon a solid financial basis. He did this while rapidly expanding the property. Through these developments, the Colonel finally became the directing head of the largest rubber manufacturing concerns in the United States, capitalized at over \$146,000,000, and giving work to over 40,000 employees.

Col. Colt continued as president of the United States Rubber Company until 1918, when he resigned, to be elected chairman of the board. As virtual head of the American rubber manufacturing business he had gained an international reputation. He was recognized as belonging to the inner circles of American "big business." His counsel was widely sought on business and economic questions of national importance.

For many years he was a leader in the political life of Rhode Island. In 1875, while still a law student in New York, he had been made an aide-de-camp, with the rank of colonel, on the staff of Governor

1865



1921

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Henry Lippitt, and he continued to serve in this position for two years. In 1876 he was elected a member of the House of Representatives from Bristol, and was re-elected in the next three years. In 1879 he was appointed assistant attorney-general of the State of Rhode Island, continuing in that office until 1882, when he was elected attorney-general. On retiring from that office in 1886, Colonel Colt dropped the practice of law and entered the field of finance.

Colonel Colt's death removes one of the powers in the world of commerce and American finance. The United States Rubber Company and its subsidiary companies, and the Industrial Trust Company, remain as monuments to the financial genius of the man who started his career practicing law in a small office in the town of Bristol, R. I.

His will contained public bequests amounting to over \$460,000. Bequests to individuals were more than \$1,000,000, exclusive of bequests stipulated as follows in Clause 18: "I give and bequeath the sum of one thousand dollars to each person in the employ of said Industrial Trust Company and Rhode Island Safe Deposit Company, as officer, teller, bookkeeper or clerk, and to each servant in my employ at the time of my decease who has been so employed at least six months." The will names the Industrial Trust Company as sole executor and trustee.

EDUCATIONAL PROGRAM OF BOSTON CHAPTER, AMERICAN INSTITUTE OF BANKING

The prescribed institute courses of the Boston chapter of the American Institute of Banking for the year 1921-1922 are as follows: Junior, elementary banking; senior, banking and finance, political economy. Special courses will be given in advertising, bookkeeping and accounting, English and

business correspondence, extension of bank credit, personal and business principles, speech training.

The educational courses will be conducted under the supervision of the College of Business Administration of Boston University. Boston University has arranged this year to have the educational work of the chapter directly under the supervision of one of its professors acting as educational director.

R. M. DeCORMIS

At a regular meeting of the board of directors of the Second National Bank of Boston, Mass., R. M. DeCormis was elected a vice-president of the bank.

WOMEN EMPLOYEES IN BANKS HOLD MEETING

Two hundred and fifty young women employed in Boston banks held their first get-together meeting recently. The affair was under the auspices of Boston Chapter, A. I. B. The women were greeted by George S. F. Bartlett, president of the chapter. Mrs. Caroline P. Stickley, of the First National Bank, presided. The principal speaker was Mrs. Frank Boyce Tupper of the Durant, Inc.

CHARLES L. SPENCER

Charles L. Spencer, president of the Connecticut River Banking Company of Hartford, Conn., died on September 21. Mr. Spencer was sixty-one years of age. He began his banking career in 1898 when he became president of the First National Bank of Suffield, Conn., of which his father was one of the founders. He remained in this position until 1913 when he resigned to become connected with the Connecticut River Banking Company as president.



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THE new Federal Reserve Bank Building at Dallas, Texas, recently completed, is built of Indiana Limestone—the material specified in contracts for Federal Reserve Bank Buildings at Boston, Chicago, Kansas City and Richmond, Va.

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Southern States

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ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

WITH the great staple crops bringing higher prices, building resuming on a large scale, and a different mental outlook coming as a natural result of the recuperation of vacation-time, during which the dust of depression was wiped from the brain, the financial and economic situation of the South continues to improve.

Especially indicative was the Fall Buyers' Convention, held in New Orleans during the latter part of August.

Nearly 450 buyers from various parts of the Gulf states attended, and their purchases were three times as much as the business during the Spring Buyers' Convention. The total is estimated by an official of the Association of Commerce at \$1,500,000, and while purchases were conservative, they were in considerable volume and of better quality. The general consensus of these merchants was that credit conditions are better and that the forthcoming movement of crops will turn a golden stream into the country.

Every cent's advance in the value of cotton means \$100,000,000 for the South, and there has been a considerable advance. Rice has been bringing a steadily increasing price. Sugar cane gives prospects of a bumper crop. The increase in building activities promises well for the lumber industry. And so on, all down the line.

As Charles deB. Claiborne, vice-president of the Whitney-Central Bank of New Orleans, said before the Credit Men's Association a few weeks ago: "On all sides there are indications of betterment. There is a better feeling in all quarters, both in the city and country. Business men are showing enthusiasm. A short time ago, they couldn't see a bright spot anywhere. Now there has come over business men a psychological change that means business is on the up-grade."

At the convention of the Cotton States Merchants Association in Memphis, the same tidings of the turning point were given. Merchants are buying freely every-

where—avoiding luxuries, but buying—that was the message of the thousand-odd delegates.

At the convention of the Southern Retail Merchants Association in Richmond, it was pointed out that the business of the South is nearly twice as large in volume as it was a year ago. Of course, the movement in dollars is not as large, but dollar-value is not the criterion. The point is that the people of the South are getting twice as much of the necessities—and luxuries—of life now as they were last year.

Figures compiled by the Sixth Federal Reserve Bank confirm the story. They are for July, but they indicate the improvement, an improvement that has continued since at the same slow but sure pace.

In Louisiana, a manufacturers' association



The Daugh
Our First President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

has recently been organized. This is the outward and visible sign of the state's evolution from an agricultural state—to a manufacturing state, for during the past few years, the manufacturing output of Louisiana has increased 172 per cent., according to the United States census, and the total product is now worth nearly \$700,000,000 a year. The number of salaried employees has increased forty-four per cent. since 1914; of wage earners, 27 per cent.; primary horsepower employed, nearly nine per cent. Nearly \$500,000,000 is invested in manufacturing enterprise. Louisiana as a manufacturing state ranks about fourteenth in the United States, according to the latest figures.

To develop skilled labor, the Delgado Trades School, the first distinctive unit trades school in the South for white boys and one of the largest in the country, has been opened in New Orleans. It has a capacity of 450 students. The building is worth about \$685,000, and the equipment \$100,000. The following trades are being taught: carpentry, cabinet making, pattern making, plumbing, painting, sheet metal working, machinist trade, electrical workers' trade, printing and tailoring.

A bill before Congress that is being watched with keen interest is the one that would establish "free zones" at advantageously situated ports, into which foreign



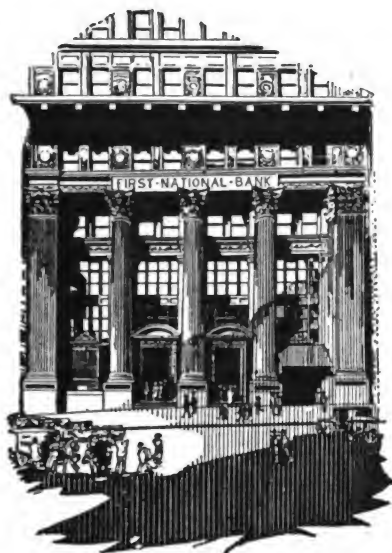
County National Bank of Lincolnton, N. C.

The new bank building of the County National Bank which has been completed recently is fire-proof, being made of steel, stone and cement, with a granite base and limestone for the main building.

The round door of the steel-lined vault is of Mosler Manganese, weighing fifteen tons.

First National Bank

Richmond, Virginia



The Old First—Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr. President
 C. R. BURNETT Vice-President
 ALEX. F. BYLAND Vice-President
 S. P. BYLAND Vice-President
 S. E. BATES, Jr. Vice-President
 THOS. W. PURCELL, V. Pres. & Tr. Officer
 JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

merchandise could be received, re-packed or manufactured to a degree, and then re-exported without payment of duty or vexatious customs interference. On foreign merchandise re-exported now, the duty is refunded in the form of a drawback, but there is a great deal of red tape connected with it, and much capital is thrown out of production.

Free zones, it is pointed out, would be a great encouragement to international trade, which is the balance wheel of American industry and prosperity.

Among the industries that have been established in Louisiana may be mentioned the Louisiana Celotex Company, which has recently begun operations at New Orleans. It is making an insulating "lumber" out of bagasse, the refuse of sugar cane, for which it pays the planters a price that means a net profit to them of about \$1 a ton. Something like 417,000 tons of bagasse a year are produced in Louisiana, so the possible value of that by-product is considerable. One ton of bagasse will make 3,000 square feet of celotex insulating "lumber".

Some time ago, a New Orleans newspaper printed five columns of want ads. for sales-

men. This indicates two things: first, that business is making a tremendous effort to get going; and second, that salesmen are hard to get. One of the troubles of business for some time has been that nobody has wanted to work. It has been a favorite indoor amusement of executives to denounce labor for this attitude, but they have been

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital 1,000,000

Surplus and Profits . . . 1,000,000

Resources 15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange remitted without charge.

Super-Safety

LOOK FOR
"THE MARK OF SAFETY"
Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use.

Insured
SUPER-SAFETY
BANK-CHECKS

Copyright 1921 by
The Bankers Supply Co.

**For the greater protection
of you and your depositors
without increased cost.**

In hundreds of towns and cities these INSURED checks are now already being used by banks as a powerful influence to attract new business.

A Master Bond, beautifully designed and framed to hang in the lobby, protects each bank. Individual Bonds guard your depositors, providing most perfect identification also. They give banks a fine "point of contact" in their constant visible evidence of security against check raisers. Is your bank helping to prevent a loss estimated at \$30,000,000.00 for a single year?

Write us or see our representative

The Bankers Supply Company
*The Largest Manufacturers of Bank Checks
in the World*

New York Chicago Denver
Atlanta Des Moines San Francisco

equally guilty of it. Labor, in fact, has only patterned itself after the bosses. This *dolce far niente* attitude has been painfully evident in the selling line. A certain man in New Orleans, for instance, spent more than \$15,000 during the first six months of 1921 trying to build up a sales organization. He tried out some seventy salesmen during that time, and when the smoke cleared away, he had only four to show for his effort. The rest were either wanting, unwilling, or they were snapped up by other firms as soon as they developed any speed.

The psychology of vacation time has an important bearing on the situation. Fagged out with heat, and worn with their long fight against difficult odds, the business men were very gloomy during the early part of the summer. Then they went on vacation—and are coming back on the job now, refreshed in body and mind, and can see the situation clearly as it is in its fundamentals.



REDUCED RATES TO NEW ORLEANS CONVENTION

The tenth annual convention of the Investment Bankers Association of America will convene in New Orleans, October 31, November 1 and 2. Headquarters will be established at the St. Charles on October 27, where the convention will be held.

The association has entered into arrangements with the railroad passenger associations of the United States for a reduced rate of a fare and a half to and from the New Orleans convention.

In purchasing your ticket to the New Orleans meeting, you should request of the railroad company a certificate. Upon arrival in New Orleans, this certificate must be presented either to the secretary, or assistant secretary of the association, for endorsement. Delegates upon presentation of a properly endorsed certificate are entitled to a rate of half fare on the return trip. Return trips in all cases must be made via the same railroad as the going trip.

This half fare rate becomes operative only if 350 individuals present certificates for endorsement at New Orleans.

The hotel reservations which have been made up to this time are, by far, the heaviest that have ever been experienced by any previous convention of the Investment Bankers Association. All prospective delegates have been well taken care of, with reservations for first class accommodations covering room and bath.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

LIQUIDATION has become more rapid in the last few months, with the result that conditions in the seventh reserve district, at the time when the demand for money for crop-moving purposes usually is at its height, show distinct improvement. Chicago banks were able to reduce their loans during July and August by nearly \$100,000,000. In this respect they are making better progress than those in the agricultural regions, but as these figures include a considerable cutting down of loans to country banks the results reflect a gain for both. The fact that the large crops of the year have reached a point of safety and that farmers are disposed to sell their products as soon as they are available has contributed much to the sentimental improvement of the month. Prices of grains are better, too, and this makes for more cheerfulness in the rural districts.

The position of the Reserve Bank is stronger, notwithstanding a recession in the reserve ratio early this month. The figure is still high, however—around sixty-eight—while rediscounts are off about \$150,000,000 from the maximum of last December and reserve note circulation is about \$120,000,000 less than the high record mark of \$559,000,000 at the same time. Most of the large city banks are virtually clear of the reserve bank, and while the country banks may not be able to dig themselves out entirely from under their load of obligations with the proceeds of this year's crops, their situation is becoming much more comfortable and it is expected that by the end of the year they will have reached such a condition that the remainder of the liquidation will not give cause for concern. Money rates are not quotably changed. The rediscount rate of the reserve bank stands at six per cent. Commercial paper is being placed at six and one-quarter to six and three-quarters per cent., the city banks taking more than they have for several years and the country institutions affording a rather spotty outlet. The absorption is sufficient, however, as the



Mississippi Valley Trust Company Service includes

Banking for Banks
Commercial Banking
Foreign Banking
Savings Banking
Executorship
Trusteeship
General Fiduciary Service
Investment Purchases
Investment Distribution
Real Estate Agency
Real Estate Finance
Safe Deposit Protection

*Inquiries from Trust Companies,
Banks and Bankers solicited*

Mississippi Valley Trust Co.
St. Louis

demand for money for commercial purposes is only moderate.

Unemployment is at last making itself felt in a decrease in the savings deposits of Chicago banks. These accounts showed a shrinkage of \$28,000,000 between June 30 and September 6. This is not surprising; indeed the only surprise is that savings showed a steady increase through nearly a year of depression, reaching the high record total of \$509,000,000 on June 30. That the decline comes so late gives rise to the hope that it may not proceed far before a change in general business conditions, signs of which are now beginning to appear, turns the tide in the other direction. Bankers are

PEABODY

CONSULTING ENGINEER SERVICE



It has frequently been found in our experience with coal mines yielding an inadequate profit that economical improvements or changes in operating methods could put them on a profitable paying basis by securing increased output at lower cost.

As Consulting Engineer

we place at your disposal the fruits of our active experience and practical knowledge gained by daily contact with mining problems for the past 38 years. We examine and appraise—prepare plans for opening and developing. We are frequently retained in an advisory capacity by banks, trust companies and bond houses.

*Descriptive illustrated booklet
mailed on request*

PEABODY

COAL COMPANY

Founded 1883

332 So. Michigan Ave. • CHICAGO

Operating 36 bituminous mines in 11 fields with
annual capacity of 18,000,000 tons

inclined to give much credit to prohibition for the course of the savings figures in the last year because of the cutting off of a source of great waste. This influence remains operative, and with a pronounced increase in thrift, which is reflected in the general character of public buying and dullness in the markets for many luxuries, is relied upon to help hold the accumulations of the provident up to a high level until

more work and increased earning power again start them upward.

Fall business in the retail stores starts off well and the feeling among merchants is one of confidence. This is strengthened by the fact that their summer turnover was exceptionally satisfactory, that their stocks have been placed in healthy condition, and the growing steadiness of most of the markets for merchandise enables them to make replacements in somewhat larger quantities than for the last year or two, without much danger of being caught by unexpected price fluctuations. Clothing, shoes, millinery and knit goods are moving well. There is also some revival in the demand for hardware, stimulated by belated price reductions, which have been made possible by lower quotations in primary markets, these being about the last to undergo material readjustment. The trend of food prices is higher. The advance in the price of wheat has caused flour to rise, and the markets for canned goods are strong because of a steady demand and the smallness of the pack. The latter, in most staple articles, is barely fifty per cent. of the output of last year, this being due in part to crop curtailment because of drought early in the season in the principal producing regions, and in part to the demoralized condition of the canned goods markets a few months ago, which discouraged operations at a time when the season's program was being mapped. Fruit prices have been very high, but in spite of this there has been considerable domestic preserving, the comparative cheapness of sugar and the advancing tendency of shelf goods encouraging work of this kind.

Wholesale orders compare favorably with those for the corresponding time last year, both from road forces and by mail. Merchants are not inclined to make commitments in large volume or for very far into the future, but bookings for spring delivery are large enough to allay complaint and in some lines are almost up to normal times. Woolen dress goods, gingham, percales and domestics are being taken freely. The interest in staple cottons of all kinds has been stimulated materially by the strength in the market for the raw product due to crop shortage and the more recent damage by floods. Crockery and glassware, household furnishings of all kinds, building materials and equipment, jewelry and other luxuries have not yet shown any indications of reviving demand.

The building situation in Chicago has been improved somewhat by the conclusion of the labor arbitration, but has not been entirely

cleared because of sporadic strikes against the award among minor trades. The greatest benefits from the arbitration are expected to come from a substantial reduction in wage schedules, and more important still, the fixing of terms to prevent grafting and harassing jurisdictional union disputes, and while the decision comes too late to permit the development of anything like a boom this fall, there is likely to be a large amount of winter work if the present strikes are not protracted, and all interests expect that next season will be one of record-breaking activity. The most important unions are inclined to favor acceptance of the award, and if conflict with the smaller organizations continues a movement toward an open shop in those branches of the industry probably will be the result. Threat of this development, which would be an entering wedge endangering the position of all the organized trades, is likely to cause pressure to be brought by the stronger on the weaker for acquiescence in the arbitration decision. Meanwhile there has been suspension of work on nearly all projects now under way and promoters of others have been deterred from proceeding with their plans. These involve the expenditure of more than \$100,000,000 and many of them have been on the architects' boards for a year or two.

The first indications of a turn for the better in the steel industry are seen in an advance in the price of pig iron, sales being reported at \$22 a ton, as compared with a recent low of \$18. Demand has increased and because of the low state of production during the summer supplies are rather scant. Further reductions in prices of finished steel have not stimulated much business and operations of the mills of the district are about unchanged at thirty to thirty-five per cent. of capacity. Structural orders are only fair in numbers and usually call for small tonnages. Demand from automobile makers is not increasing, and implement manufacturers seem pretty well supplied. There is moderate inquiry for bars, plates and reinforcing materials. The railroads are taking more track accessories and the speeding up of repair work in many of the shops of the carriers is calling for increased quantities of supplies, but the total is not sufficient to cause much change in mill operations.

Railroad traffic shows an increase, in spite of the fact that the movement of grains is considerably less than it was last month. Movement of general merchandise is picking up and there has been a slight gain in shipments of coal. The latter, however, are



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**



*Sympathetically Big—
Soundly Liberal*

nothing like what they should be at this time of year and it is evident that the majority of domestic consumers intend to await the spur of necessity before making their purchases of winter fuel.

Investment demand holds up well, and there is steady absorption of desirable issues. Dealers' shelves are pretty well cleared, as offerings have been moderate and considerable money has been going of late into the certificate offerings of the treasury department, especially those available for tax payments and the three-year notes. An active public market in these obligations has been developed, and the holdings of the banks have been materially reduced by investment absorption. The security, the interest rates of five and one-quarter to five and three-quarter per cent. and the tax exemption features make them very attractive, especially for short term use of funds. Utilities issues are steadily returning to favor with the improvement in the financial position of these corporations because of the lower cost of fuel and other operating supplies.

NEW DIRECTORS FOR CHICAGO BANK

At a recent meeting of the stockholders of the Chicago Trust Company, Chicago, Ill., Samuel M. Hastings was elected a director. Mr. Hastings is president of the Computing Scale Company of America.

This is the second new director elected, Walter J. Riley, president of the First National Bank, East Chicago, Indiana, having been appointed at the previous meeting of stockholders.

NORTHWESTERN TRUST AND SAVINGS BANK

The Northwestern Trust and Savings Bank at Milwaukee avenue and Division street, Chicago, Ill., has opened its newly completed and greatly enlarged banking rooms. The bank has also just celebrated its fifteenth anniversary.

HENRY MEYER

Henry Meyer, for the last eleven years assistant cashier of the National City Bank of Chicago, died at his home in Chicago on Monday, September 5, 1921. Mr. Meyer had a wide acquaintance among bankers of Illinois, Iowa, Indiana and Michigan, and at one time served as a bank examiner in the Iowa district.

Mr. Meyer was born in New York and educated in this country and Germany. He engaged in railroad and banking work in Iowa for some time before coming to Chicago where he became cashier of the Hamilton National Bank. With the consolidation of that institution with the National City Bank of Chicago, in 1910, he became assistant cashier of the National City Bank.

Mr. Meyer was a thirty-second degree Mason and had been treasurer of the Hawkeye Club, a society of former Iowans, for several years.

NATIONAL BANK OF THE REPUBLIC OF CHICAGO

The National Bank of the Republic, Chicago, Ill., at September 6, 1921 showed total resources of \$34,806,401.77, surplus, \$1,000,000, undivided profits, \$901,124.29, deposits, \$23,522,395.14.

AMERICAN MACHINERY IN FOREIGN COUNTRIES

Evidence that American-made machinery is taking a leading place in foreign markets is developing every day. For example, recent advices from Poland are to the effect that at a tractor and motor plow exhibit

Buying and Selling

orders for Liberty Loan Bonds and Victory Notes promptly executed.

Nominal market quotations on Liberty Bonds are furnished daily upon request.

Correspondent banks are invited to use this service.

General Banking Trust Service Investments
Foreign Department

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

Bond Department
R. U. LANSING, Vice President & Manager

Banks and Bankers Department
F. A. CRANDALL, Vice President

held under the auspices of the Posen Chamber of Agriculture, a Case tractor manufactured by the J. I. Case Threshing Machine Company of Racine, Wisconsin, was awarded first place.

The same company recently received a cablegram from its South African representative as follows:

"Case 15-17 gas tractor leads all kerosene tractors economy operation Government trials Pretoria."

WOODLAWN TRUST AND SAVINGS BANK

The statement of condition of the Woodlawn Trust and Savings Bank of Chicago, Ill., at September 6, 1921, showed total resources of \$6,560,211.63, surplus and undivided profits, \$218,166.96, deposits, \$5,934,660.64. The deposits have grown to their present figure from \$355,207.91 in 1905.

NEW ADVERTISING FIRM ORGANIZED IN CLEVELAND

The Morton Company, advertising and merchandising, has been organized in Cleveland, Ohio, with headquarters in the Finance Building. It is composed of men organized

to serve a limited number of clients with sales counsel, utilizing ability acquired through long years of practical experience. The officers are as follows:

C. O. Morton, managing director; A. B. Cole, president; Geo. W. Randall, secretary; Roy M. Brown, vice-president; R. S. Andrews, vice-president; F. E. Crawford, treasurer.

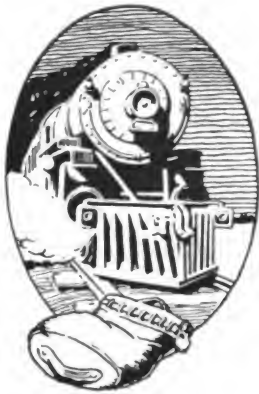
ATTRACTIVE BANKING HOUSE BRINGS NEW DEPOSITORS

Proof that it pays to have an attractive banking building came to Greenwood's State Bank of Lake Mills, Wis., when they dedicated a new \$75,000 structure.

Although Lake Mills is a town of only a little over 2,000 inhabitants, thirteen new accounts were opened the day that the new bank building was dedicated.

This was the middle of February, and up to the first of April, something like twenty-five more had been added, which the officers believe could be directly traceable to the attractive bank building.

The building is not only beautiful in its outside architecture, but is extremely light and airy and attractive inside. Plenty of working space makes it possible to conduct



Speed!

WE wish you could see our transit department in action. If you ever come to Cleveland, by all means make it a point to visit it.

During the day 100 people are working at top speed, sorting, recording and routing collection items over the fastest available mail routes.

At midnight the night force goes on, sorts all mail that has come in after banking hours and has all checks ready for proofing the first thing in the morning.

It is this positive assurance that no time will be lost—that collections will really be made in the shortest possible time—that enables us to handle checks from our correspondents on terms which are sure to appeal to you.

Capital and Surplus \$33,000,000

The Union Trust Company Cleveland

the inside work of the bank with less confusion, with greater service to the customers, and at less expense.

W. B. WEISENBURGER JOINS COMMERCE INSTITUTION

The resignation of W. B. Weisenburger as assistant general secretary of the Chamber of Commerce to accept a position as secretary to John G. Lonsdale, president of the National Bank of Commerce in St. Louis, has been announced.

Mr. Weisenburger took up his new duties at the National Bank of Commerce on September 6. Mr. Lonsdale said Mr. Weisenburger would not only be an assistant to him, but would direct the public relations and advertising of the National Bank of Commerce, a department which is to be increased in keeping with the bank's progress and its newly enlarged quarters, extending the full length of the block on Broadway from Olive to Pine.

Mr. Weisenburger is especially well qualified for the position he is taking, having been in newspaper work more than twelve years before coming to the Chamber of Commerce four years ago as secretary of publicity. In

the publicity work, he originated and fostered many advertising features for the city of St. Louis, foremost among these being the municipal advertising campaign, expending \$100,000 in the past two years to nationally advertise St. Louis. He also founded the chamber's present official publication, *Greater St. Louis*, which has become recognized as one of the leading commercial organization publications of the country. He directed publicity in the first Liberty Loan, also the state publicity in the United War Work drives; managed the Roosevelt memorial campaign, and was secretary of the Mayor's Welcome Home Committee, which planned all the soldiers' home-coming celebrations. He recently conducted the Chamber of Commerce delegation of more than 100 through Mexico.

In taking up his new work Mr. Weisenburger does not go into an entirely new field, having handled the public relation matters of the American Bankers' Association during 1920.

ST. LOUIS BANKER ON WAR FINANCE COMMITTEE

W. L. Hemingway, vice-president of the National Bank of Commerce in St. Louis,



Old style Case Steam Tractor. This tractor has been in use for over thirty-two years on a South American farm

(Photo reproduced through courtesy of J. I. Case Threshing Machine Co., Racine, Wis.)

has been appointed a member of the agency committee of the War Finance Corporation in the St. Louis district. Appointment was made by Eugene Meyer, Jr., managing director of the War Finance Corporation. Mr. Hemingway was accepted. The committee will function in St. Louis.

An amendment to the War Finance Act gives the corporation power to make loans to banks which have made loans for agricultural and livestock purposes.

The committee on which Mr. Hemingway has been appointed will receive applications and recommend action on such transactions in the St. Louis district. The operations of this committee, according to well informed bankers, should aid the general business situation, relieving the agricultural situation materially. The loans should especially aid in preventing the unseasonable marketing of farm products.

Under the act there is a billion dollars available for such loans. It is expected that this money will be extended on more or less long time credits without interference with land bank activities. Probably issued in loans on such security as non-perishable warehouse products, breeding stock, and in a limited way on feeding stock, although the latter is more or less short term dealings.

Other members of the St. Louis district committee have not been announced, al-



Out in the Northwest

A BANK with resources
of over \$100,000,000
—the leading financial in-
stitution of its section—
the logical clearing point
for business intended for
Twin City territory.

First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars



Seven Departments

All National

- | | |
|----------------------|------------|
| 1. Commercial | 4. Trust |
| 2. Savings | 5. Bond |
| 3. Banks and Bankers | 6. Foreign |
| 7. Safe Deposit | |

This institution with its seven departments is a striking illustration of the broad scope which the service of a strictly National Bank may now assume under existing laws. And each of our departments is actively functioning.

What may we do for you?

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, more than \$15,000,000.00

though the corporation indicates that operations under the new amendment will be begun at once.

P. E. LAUGHLIN GIVES STATEMENT

Asked as to the business outlook by a reporter for the *Kansas City Post*, P. E. Laughlin, president of the Midwest Reserve Trust Company of Kansas City, Mo., which is fifth in point of size in greater Kansas City, replied:

"I believe, with one of America's late and eminent financiers, that the United States is no place for a bear or a pessimist, so while everyone has undergone more or less hardship and while there are doubtless some additional difficulties to be surmounted before all is sunshine and prosperity, yet we know that our country is the world's premier producer, the land of opportunity, the home of achievement and hope; hence, it would evidence a poor quality of patriotism for any healthy-minded, normal citizen to be other than optimistic as to the future.

"It may be true that our country has suffered much, unnecessarily, through too hastily enforced deflation, when it might

have been a better policy to have distributed the process of deflation over a period of several years and to have thus avoided the stagnation of industry with the consequent unemployment problem that followed. However, that may be, the fact stands out still that the finances of our country were so sound fundamentally, while the nation's resources and productivity were not harmed a particle by the distressing war, that recovery will come just as one extreme always follows another in the United States.

"We may well feel encouraged for the future in that out of recent disturbances our country will derive an experience that will be welded into a coin of service that shall avoid like mistakes for the future.

"It is easy to be an optimist in America. Those who are not are in a lonesome and unenviable minority."

EARL R. OBERN

Earl R. Obern, formerly manager of the publicity department of the Noel State Bank, Chicago, has been elected assistant cashier of the Old National Bank of Battle Creek, Mich., in charge of new business and publicity.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

ASIDE from improvement in the credit situation, business in the western states shows no important betterment. The fact that declines prevail in commodity prices as compared with a month ago is a powerful trade deterrent. Cattle, sheep, hogs, corn, hay and oats prices show declines. While cotton is sharply higher, it is not contributing materially toward growth in western business. Wheat is giving a better account of itself, but large supplies are not now available in first hands in the West as a whole. Industrially, stagnation is still the rule.

More hopefulness prevails in the West, however. There is a grim determination among farmers and stockmen to retire debts as quickly as possible. Products for which there is a market are moving freely—as freely as the demand situation permits. More cattle and more sheep, for example, would have been sold thus far this season from ranges except for the fact that it has been necessary to limit marketings to prevent demoralization. Little hay has moved simply because prices were so low in instances as to leave nothing to shippers after the payment of shipping and other expenses. In a few cases it has been necessary for shippers to make up deficits shown in their bills of sales on hay. One carload of common alfalfa recently netted a shipper 39 cents after the payment of all shipping and selling expenses on the Kansas City market, while a carload of Kansas prairie brought a price in Chicago that failed by \$6.88 to meet the shipping and selling costs. Wheat has made the best showing. Many sheep have brought prices netting flockmasters little after the payment of expenses. But what producers are receiving from crops is going to a large extent into the payment of obligations where debts are due, so the credit situation is better. When the world's purchasing power increases, this will enable the West to make more progress in improving its general trade conditions.

As in other parts of the United States,

many efforts are being made to inject optimism into the public and to better business by improving psychological conditions. Thus far these efforts have brought only scattered and temporary periods of improvement, and there are signs that the public is beginning to lose confidence in the various utterances concerning business improvement. Unfortunately for the future of business in the West, the propaganda of optimism is proving injurious to sound readjustments. Landlords in cities are being encouraged to maintain their excessive rents and even to attempt to obtain further advances, which is, of course, detrimental to the readjustment of wages of workers. Retailers are in instances being encouraged to postpone their inevitable price readjustments. The producer of live stock and wool is suffering on this account because lower prices would encourage consumption and broaden the outlets for his products.

The rural districts of the western states are making more progress in establishing sounder business conditions than the cities. The rural districts are more determined in forcing retail prices downward than are the cities. The farmer and the stockman each know well that the world's purchasing power is materially reduced and that it is necessary to conform with these new conditions. But the masses in cities that are for the present quite active in handling the seasonal movement of farm and range products give evidence that they are not yet fully cognizant of the new economic problems with which they must cope. Commission houses complain that they cannot reduce their expenses and farmers and stockmen are manifesting unrest because the commission rates for the sale of their products show little or no change. Indicative of the mood of the residents of cities and that of farmers and stockmen, it is noticeable that the large mail order houses that formerly catered exclusively to rural districts continue very active in seeking the business of those who dwell in cities.

When the movement of crops and live stock to the markets of the western states declines, readjustments in cities will probably be accelerated. Unemployment in the cities will then increase, and more wage

changes probably will be made. In rural districts unemployment is growing with the completion of harvests and with the widespread policy of farmers in exchanging labor with each other and in economizing by employing as little help as possible. The wages of farm and range laborers have been reduced more sharply than the wages of laborers in cities. Farmers, however, are unable to use all the labor offered them. Not only are farm workers being released but there is an influx from cities, especially industrial centers.

The freight rate situation is being felt more keenly than at any other time since the advances of August, 1920, became effective. The declines in prices of farm and range products have naturally made current freight rates more burdensome. Also, the recent hearings on proposals for reductions in western grain and hay rates and the modifications in export grain rates have encouraged hopes of a general reduction in railroad tariffs. As a result, there is growing evidence of a waiting attitude among farmers and stockmen and some of their customers. Some crops have been withheld from markets by producers who hope to profit by a lowering of freight rates. Buyers, too, have been postponing some purchases for the same reason. The feeling prevails that it has been clearly established that the West cannot continue to pay high freight rates.

Marketings of spring wheat in the Dakotas and Montana have increased sharply, although the flow of the new crop grain from farms has not yet reached the peak. Incident to the free movement of new wheat in the northern states flour milling activity has increased sharply among spring wheat plants, with heavy sales of flour being made. There has been a contraction in demand for flour in the southwest, although mills have enough orders on their books to maintain active operations for another thirty days. The amount of flour which has been absorbed by domestic consumers thus far on the crop is probably the largest for a similar period in history. Conservative operators estimate that 22,000,000 bushels in excess of the total up to this time a year ago already have been milled. Foreign demand for flour has fallen off sharply, and supplies of clear and cheaper grades are rapidly accumulating in hands of mills and speculative operators. Slowing down in the European demand for American flour reflects the very keen competition being offered by foreign mills who are buying enormous quantities of wheat in this country. The clearances of wheat from the

United States thus far on the crop aggregate more than 100,000,000 bushels and at the current rate of exports the American surplus will soon have disappeared. The strength of wheat is attributed almost entirely to enormous foreign buying. On the other hand, pressure is increasing on the wheat market from the freer Canadian movement. It is probable that Canada will ship some wheat into the United States despite the tariff duty.

Burdensome visible stocks, comparatively liberal marketings from farms, advance of the near record corn harvest, and a sluggish feeding demand explain the weakness of coarse grains.

The fact that large numbers of laborers, the principal consumers of meats, are idle stands out as the most bearish influence in the trade in live stock. Grass cattle are about \$2 lower per hundredweight than a month ago and at the lowest level of the year. Sheep and lambs have declined \$1 to \$3, being at the lowest level in nearly ten years. Good western ewes have sold at less than \$3 per hundredweight on the Omaha and Kansas City markets, and the best western lambs have fallen below \$8. It costs \$1.50 to \$2 per hundredweight to deliver sheep from ranges of the West to the large stock yards. Hogs show a drop of fully \$2. There is a good export demand for pork, but the domestic situation in meats and the cheapness of corn are bearish influences. A little more interest is apparent in horses and mules since the recent sensational rise in cotton, but actual sales have not yet increased and dullness still prevails. The Stock Growers' Finance Corporation, the \$50,000,000-live stock loan pool body, has made loans in excess of \$12,000,000 on cattle and sheep. It has helped sentiment in the market and doubtless has been an aid in preventing the market from receding to even lower levels. The great abundance and cheapness of feeds continues a powerful sustaining influence in live stock markets and is making possible a sharp reduction in the expenses of producing live stock.

Lumber demand shows some improvement. The oil market lacks strength, with renewed fears of excessive production. The copper industry is still depressed. Little or no change is apparent in lead and zinc mining. Building shows a small increase, being confined to new homes of moderate cost. The supply of railroad cars is ample for moving crops.

Great interest is not apparent in the \$1,000,000,000 agricultural credit fund provided through the War Finance Corporation by

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Frank Boyd	Vice-President
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Congress: As the loans are to be made only on sixty per cent. of the value of products moving for export and as the rate will be one and one-half per cent. in excess of the current discount rates of Federal Reserve banks where the products are held, it is not believed a great amount of the money will be used. Farmers are now seeing more clearly than in months that they do not need more credit to hold crops excepting in their live stock operations.

Conditions have been favorable for crops. But it is evident now that the 1921 harvests will not bring sufficient money to effect all the liquidations for which bankers have been hoping. Where prices are high, as in cotton, supplies are too small to make great improvement the remainder of the year in the credit situation.



OFFICERS OF BANK EXPRESS FAITH IN BUTTE

By offering a premium of \$1,500 for the \$1,000,000 issue of refunding bonds of the city of Butte, Montana, the Metals Bank

and Trust Company of that city outbid Chicago and Spokane bond houses and obtained the issue.

J. E. Woodard, president, expressed the hope and belief that the government of the city will live within its income.

"The purchase of the bonds speaks for itself," said Charles J. Kelly, chairman of the board of the Metals Bank. "In no more substantial manner could the officers of the bank express their faith in the future of Butte and its industries."

The action of the Metals Bank and the confidence in the city of Butte shown by leading financial institutions and bond houses brought numerous expressions of pleasure from the city officials and members of the council. "The meeting will go down in Butte history as one of the most important since the city was incorporated," one member of the council declared.

The directors of the bank are John D. Ryan, Cornelius F. Kelley, Thomas A. Marlow, Charles J. Kelly, J. Bruce Kremer, Harry A. Gallwey, L. O. Evans, Charles C. Swinborne and James E. Woodard. Officers are: Charles J. Kelly, chairman of the board; James E. Woodward, president; C. C. Swinborne, vice-president; R. W. Place, cashier, and J. L. Teal, assistant cashier.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

CONFIDENCE is returning in most lines of business and large building operations point to a general trade revival. Nothing in the present situation suggests that sudden and general activity will follow the recently inaugurated improvement but a stronger basis now exists for subsequent betterment of conditions. The banking structure continues to grow stronger and if we look back and consider the amount of liquidations and settlements that have taken place in the last year, the progress is remarkable. First sales of crops resulted in slight liquidation as farmers were so urgently in need of money to purchase equipment and replenish purses following the non-selling period, that first results of their sales did not go far. However, the fact that banks did not increase their loans and discounts over the figures of the previous month indicates that the sales of earlier products were sufficient to care for demands incident to later harvesting and market operations. Now, however, in the second sales round excellent liquidation is being made, and with the strain lessening there is a better feeling, particularly among the country banks who have been carrying heavy loads. Loans, discounts and investments of the sixty-three member banks of the Federal Reserve Bank of San Francisco were reduced \$105,406,000 during the year ended September 7. The total stood at \$1,179,620,000 as against \$1,285,026,000 on September 10, 1920. The reserve balance with the Federal Reserve Bank is now \$76,314,000 as against \$78,211,000 a year ago, while cash in vaults is \$23,648,000 compared with \$30,489,000 of last year at this time. Reduction of the rate of the reserve bank rate to five and one-half per cent. has been reflected by slightly easier money rates in the large cities of the district, but the rates in the country are unchanged.

The employment situation shows improvement. Sixty-five per cent. of the lumber mills and fifty per cent. of the logging camps of the Pacific northwest are working, employing about the same percentage of available mill hands and loggers. Predic-

tions are that the lumber industry will slowly better, so that by Christmas time seventy to seventy-five per cent. of the mills should be working. Due to the marine strike and the adverse freight rates the industry has been put through its worst period. The marine strike closed practically all the mills that were struggling along before the walk-out. Since the settlement of that strike mills in the Columbia river, Grays Harbor and Puget Sound districts have opened until eighty per cent. are running regularly. In the Southern Oregon district, however, only about half are working which brings the general average down. Shipments of logs have been heavy recently and Japan has been a strong factor in absorbing logs from this market. Good fir logs are bringing a fair price but inferior grades find difficulty in securing bidders. It is said that the building program announced by the Japanese Government will extend over a period of ten years, to fill which demand Japan is depending in large measure upon the Pacific coast. The employment situation around the San Francisco bay region has been dominated by the now ended building trades' strike.

California has experienced the heaviest shipments of canned fruits and vegetables in its history so far. Since the first of the year 1,000,000 cases of canned goods have been shipped through the Panama canal to Atlantic ports, and at least 100,000 to ports of the United Kingdom. Availability of bottoms, reduction of freight rates and the fact that buyers have permitted their stocks to deplete with such rapidity that purchase to supply the sudden demand became an urgent necessity are given as reasons for this tremendous outpouring of California fruits and vegetables. The cherry and apricot pack this year will be only about thirty per cent. of last year. Pears will run about fifty per cent. and peaches in the neighborhood of seventy-five per cent. The tomato pack will probably not exceed one-third of normal, principally due to a short crop. The salmon pack is practically completed and will be about the same as last year, which was very light. The change in the buying demand has improved the financial situation as it concerned the salmon situation. There was

quite a holdover from last year but already the red salmon pack of last year, which is the best grade, has been cleaned up, while the southeastern Alaska pack has been moving rapidly and at better prices than have been current for some time.

With the world's hop crop extremely short it looks like a year of higher prices for the growers of the coast. The greatest shortage is in Europe where the English crop is reported to be one-third of last year's and Germany entirely dependent upon this year's growth, which will mean heavy buying in the market if they are to hold their export trade.

In the retail trade sales continue to be in greater volume than the wholesale movement. The necessity of restocking in most lines, however, is rapidly approaching.

The bond market has been featured by the almost complete absence of new offerings and the result is an increasing demand from private investors. Western municipals are now selling at most attractive prices and further strengthening is in evidence.



SANTA BARBARA AND LOS ANGELES BANKS MERGED

By a transaction just consummated, the Commercial Trust and Savings Bank of Santa Barbara, the strongest financial institution on the seacoast between Los Angeles and San Francisco, becomes closely affiliated with the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank, of which banks Henry M. Robinson is president.

These banks already constitute the strongest financial interest in the Pacific southwest, and this transaction gives to the Santa Barbara institution and its branches in Lompoc and Carpinteria the financial support of the Robinson banks.

The resources of the Commercial Trust and Savings Bank of Santa Barbara exceed \$9,500,000, and, taken in conjunction with the recent affiliation with the Bank of Santa Maria, give the Robinson banks total resources of more than \$145,000,000.

The transaction does not entail an outright purchase, but the stockholders of the Santa Barbara institution, through an exchange of shares, become co-partners in the entire business of the Los Angeles institutions.

The Commercial Trust and Savings Bank of Santa Barbara occupies a particularly important position in Santa Barbara County, and, with the Bank of Santa Maria,

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Branch Banks:—Lihue, *Island of Kauai*;
Waipahu, *Island of Oahu*; Wailua, *Island of Oahu*; Kapaa, *Island of Kauai*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

recently associated with the Robinson banks, covers the entire county and forms the banking center for the movement of commodities within the district. The fact that these transactions place at the disposal of the producers of the district almost unlimited financial backing is of great importance to every one financially interested in Santa Barbara County.

George S. Edwards, chairman of the board of the Commercial Trust and Savings Bank of Santa Barbara, and Alfred Edwards, president of the same institution, are well known throughout California, and will continue in office.

Negotiations leading up to the closing of this transaction have been carried on under the direction of, and were consummated by, Charles F. Stern, formerly state superintendent of banks of California and now vice-president of the First National Bank of Los Angeles Trust and Savings Bank.

Announcement has also been made of the acquisition by the First Securities Company, a subsidiary of the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank, of the business and personnel of Baer-Brown-Parsons Company, local investment bankers operating principally in Los Angeles and Pasadena.

The Baer-Brown-Parsons Company has been actively engaged in the investment securities business for the past year and a half, and has participated in most of the better known issues underwritten during that period. It will now be merged into the First Securities Company. The members of the firm, Francis S. Baer, A. H. Brown, and R. H. Parsons, will become associated with the bond department of the First Securities Company, and will add materially to present distribution facilities.

Coincident with this announcement, it was stated that on or before October 1 the Securities business heretofore conducted by the bond departments of the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank will be taken over by the First Securities Company, but the business will continue to be operated, as before, by the First Securities Company in the main banking rooms of the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank, as well as in the various branches of the latter organization.

The present personnel of the existing bond departments will be retained, although augmented by the organization of Baer-Brown-Parsons Company.

The stock of the First Securities Company is entirely owned by the stockholders of the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank. The officers of the company are: Henry M. Robinson, president; Charles F. Stern, vice-president; John E. Barber, vice-president; A. B. Jones, secretary and treasurer.

**PACIFIC COAST BANKER
APPOINTED EQUITABLE
CORRESPONDENT**

The Equitable Trust Company of New York has announced the appointment of Thomas M. Paterson as its Pacific Coast correspondent. Mr. Paterson who was formerly vice-president of the Mercantile Trust Company of San Francisco will have offices in the American National Bank Building, 485 California street, San Francisco. Mr. Paterson joins the Equitable organization with a thorough and well rounded banking training. His early experience was gained in the employ of the Royal Bank of Queensland, Brisbane, Australia. In 1902, Mr. Paterson came to San Francisco and entered the service of the Canadian Bank of Commerce in that city, remaining with this institution until 1905, when he was given an opportunity to broaden his banking experience in the Portland, Oregon branch of the Bank of California, where he remained until May, 1912. He then entered the service of the Mercantile National Bank of San Francisco in charge of their credit and loan department. A year later he was appointed assistant cashier and in 1919 was made vice-president and cashier of the institution. Early in 1921, the Mercantile National Bank consolidated with the Savings Union Bank of San Francisco and Mr. Paterson remained with the new institution, the Mercantile Trust Company, as vice-president

which position he held until entering the service of the Equitable Trust Company of New York. Mr. Paterson is a member of the Pacific Union Club, the Family Club of San Francisco, and the Sequoya Country Club. His experience in the northwest and



THOMAS M. PATERSON

Appointed Pacific Coast correspondent of the Equitable Trust Company of New York, was formerly vice-president of the Mercantile Trust Company of San Francisco.

California has enabled him to form a wide acquaintanceship throughout the Pacific Coast region. He has always taken an active interest in American Institute of Banking affairs and was one of the charter members of the San Francisco chapter and later a director of the Portland chapter.

RALPH P. ANDERSON

Ralph P. Anderson has resigned as manager of the new business department and assistant to the president of the Sacramento-San Joaquin Bank of Sacramento, with branches in Stockton, Modesto, Oakdale, and Fresno, California, to become manager of the banking and financial departments of the K. Leroy Hamman advertising agency in Oakland. Mr. Anderson is favorably known to American bankers because of the novelty of many of his advertising and new business plans and because of his numerous articles on banking and advertising subjects.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

WITH the new tariff legislation curtailing Canada's exports to the United States—particularly farm products—with a shortage of feed throughout Canada aggravating the situation as regards live stock and with a weak foreign market the Canadian farmers have demanded a measure of financial relief. The problem was particularly acute in the western country and the rather radical tendency of legislative opinion tended in the direction of government aid. However, once again the close relationship of the Canadian Government and the Canadian banks facilitated a solution of the question in a practical way. Following a conference between Sir Henry Drayton, minister of finance; Hon. Dr. Tolmie, minister of agriculture, C. A. Bort, president, and Sir Frederick Williams-Taylor, Sir John Aird, C. E. Neill, E. C. Pratt and J. P. Bell, officials of the Canadian Bankers' Association, assurance was given by the bankers that all reasonable consideration would be extended to deserving borrowers against live stock, especially with regard to periods of loans and renewals and that no undue pressure would be brought to bear for liquidation of advances until there was a marked improvement in market conditions.

In the United States the live stock situation has required the establishment of special credit machinery. In Canada, however, so comprehensive is the organization of the chartered banks, with their hundreds of branches all over the country, that the financial resources can be quickly marshalled to meet special needs. This is indicated by a reference to the bank statement which indicates the extent to which deflation has reduced the requirements for commercial loans and thus shows that the banks are in a position to meet this new demand for agricultural credit.

During July current loans in Canada were reduced a further \$20,000,000, making a total of nearly \$185,000,000 since the peak of inflation in September last; as compared

with a year ago the decline is \$140,000,000. The banks, therefore, would seem to be in a position to lend reasonable assistance to the live stock raisers and to carry over until another season deserving farmers who have suffered loss of crop in some of the districts of the West.

In addition to the reduction of current loans during July the fact that total assets were reduced by about \$85,000,000, making a total of \$270,000,000 as compared with a year ago, is further indication of the progress of deflation. Call loans abroad, Canadian call, provincial and loans on public securities have all been materially reduced. Borrowings from the Dominion Government under the War Measures Act were reduced over \$22,000,000 during the month and \$170,000,000 during the year. However, financial arrangements between the banks and the government still continue on an important scale. Holdings of government securities increased over \$5,000,000 during the month and although about \$63,000,000 less than a year ago are still above \$180,000,000, while the advances to the banks by the government on legals—a rediscounting arrangement—have been reduced to \$96,000,000.

The effects of the new American tariff are beginning to make themselves more definitely evident in the trade statements from Ottawa. The second full month shows some pretty heavy decreases in farm products. As compared with last year exports of butter during July fell from \$900,000 to \$27,000, meats from \$450,000 to \$130,000, milk and cream from \$837,255 to \$335,242, cattle from \$1,381,155 to \$200,471, flour from \$383,176 to \$26,384, wool from \$157,579 to \$294. Wheat is the one commodity showing an increase, the exports having jumped in value from \$91,623 to \$511,160. For the twelve months ending with July exports from Canada to the United States declined \$22,400,000 while imports fell off \$157,500,000.

Sentimentally the new tariff of Canada's exports to her nearest neighbor has had its effect. It is generally accepted that it has also considerable political significance. Premier Meighen in announcing that he would make an appeal to the country be-

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Resources over - - - - \$100,000,000.00

fore the end of the year indicated that the tariff would be trumps in the contest and it is generally considered that his highest card is the popularly called "Fordney" bill. The Premier has bluntly declared his policy as being opposed to any reciprocal trade relations with the United States. These understandings have never lasted, he says, and he declared that the only way for Canada is to proceed to follow a course to her economic advantage as is being done in the States. He says that Canada has no right to criticize what is done regarding tariffs by other countries but that she should follow their example and arrange her own tariffs to the best advantage.



PROVINCIAL BANK

The annual statement of the Provincial Bank showed profits of \$425,648, after deducting charges of management, interest due depositors, and full provision for losses and doubtful debts. This compares with profits of \$333,882 in the previous fiscal year. After adding in the premium from new stock, \$200,000, and previous year's balance forward, a total of \$664,115 was shown. Appropriations included dividends \$264,024 against \$158,927 the previous year; war tax on circulation \$29,114 against \$20,931; first payment on subscription to l'Universite de Montreal, \$5,000; pension fund \$25,000 again \$45,000; and reserve \$300,000 against \$100,000, the latter charge including the \$20,000 received from premium on new stock. These deductions left a balance to be carried forward into the current year of \$40,977 against \$38,467 reported a year ago.

The balance sheet shows that the bank finished the year in strong position, quick assets amounting to \$28,386,000, of which cash resources amount to \$10,145,970, while Dominion Government, British and municipal securities amount to \$12,080,000, and call and short loans in Canada to \$6,239,000.

Leading items in the balance sheet compare as follows:

	1921	1920
Demand deposits	\$5,325,943	\$5,115,609
Savings deposits	29,572,373	25,175,736
Bal. due Dom. Govt.	3,177,503	2,473,926
Note circulation	2,666,363	2,246,873
Capital	3,000,000	2,000,000
Reserve fund	1,400,000	1,110,000
Total liabilities	\$45,629,743	\$39,077,524
Dom. Gov. notes	3,623,628	2,847,198
Dom. and Prov. securities	4,302,194	2,692,134
Can., mun., Brit., foreign and colonial securities	\$5,763,220	\$4,695,715
Railroad and other secur.	2,025,243	1,917,739
Call and short loans	6,129,600	7,919,444
Current loans	16,449,288	11,879,488
Total assets	\$45,629,743	\$39,077,524

BOOKLET ON CANADIAN OIL FIELDS

The "New Oil Fields of Northern Canada" is the title of an interesting pamphlet on the Mackenzie District that has recently been issued by the department of the interior through its Natural Resources Intelligence branch at Ottawa. The report contains a description of the area of the new district, a resume of progress and development, a synopsis of the regulations and other valuable information regarding routes of transportation, communication, climate, sources of supply, accommodation and such details.

A route map of the district accompanies

the pamphlet which may be obtained free of charge, upon application to the superintendent of the Natural Resources Intelligence branch, Department of the Interior, Ottawa.

CANADIAN BANKER SEES BOOM NEAR

President Bogert of the Canadian Bankers' Association speaks confidently of Canadian business conditions as follows: "I think the most gratifying feature about the situation at present is the active demand in Great Britain and Europe for Canadian foodstuffs. For the next two months more space has been taken from Canadian ports for shipments to Europe than for many years past. We should look for an early marketing of western grain, and with the proceeds in circulation we may expect a reduction in liabilities and increased activity in nearly all lines of business."

Collector Bertram at the port of Toronto, who is closely in touch with the business interests of Ontario, says:

"Business men for the most part have stopped complaining. Things seem to be looking up at last. I have heard quite a number of people speaking optimistically of their various lines, and I believe better times should be experienced at an early date."

Sir Archibald Mitchelson, one of a party of British capitalists who have invested heavily in gold mining properties in northern Ontario, believes that conditions are working toward a boom in that industry. After inspecting his new properties he said: "Now that we have seen them we are well satisfied, and I think it is only a question of time until we have a tremendous mine there. We have made our plans for further developments and in due course we will have the necessary mill."

A bright future looms before these Northern Ontario properties.

C. P. R. earnings for July showed a net increase. While the gross earnings were \$1,602,831 below those for the same month last year, the net profits were \$434,850 greater. The statement for the seven months ending July shows a gain of \$1,956,810 in net earnings over those for the same period last year. The improvement has been due to economy in operation.

Western railway mileage is already beginning to feel the beneficial effects of the harvest. Farmers show an inclination to market their grain early, with the result

that over 1,000 cars a day are arriving at the head of the Great Lakes. This is having a splendid effect on business and a good fall trade is in prospect in the West.

Nova Scotia reports an apple crop of 2,000,000 cases, the largest in the history of the province. Inquiries for shipments are being received from all portions of Canada and practically from every state in the Union.

Vancouver advices state that Curtis McCready, of Montana, has recently been in British Columbia making a selection of lands upon which one hundred families will move this fall from Montana and Idaho. A British syndicate, which recently bought a 5,000-acre tract of land near Telkwa on the main line of the Grand Trunk Pacific, is having it cleared and made ready for occupation next spring. It will be occupied by a number of British farmers, who will come to Canada this fall.

Four floating grain elevators pressed into service at the port of Montreal to relieve the congestion have a handling capacity of 420,000 bushels a day, to which is added a total capacity of 1,050,000 bushels at the stationary elevators. This will soon make the congestion a thing of the past.

MAP AND BOOKLET CONCERNING FARM LANDS IN CANADA

Few people appreciate the undeveloped agricultural possibilities on the American continent. Take the Province of Saskatchewan for example. In that province 384,156,000 bushels of wheat, barley and oats have been produced in a single year from about one-fifth of the area suitable for farming.

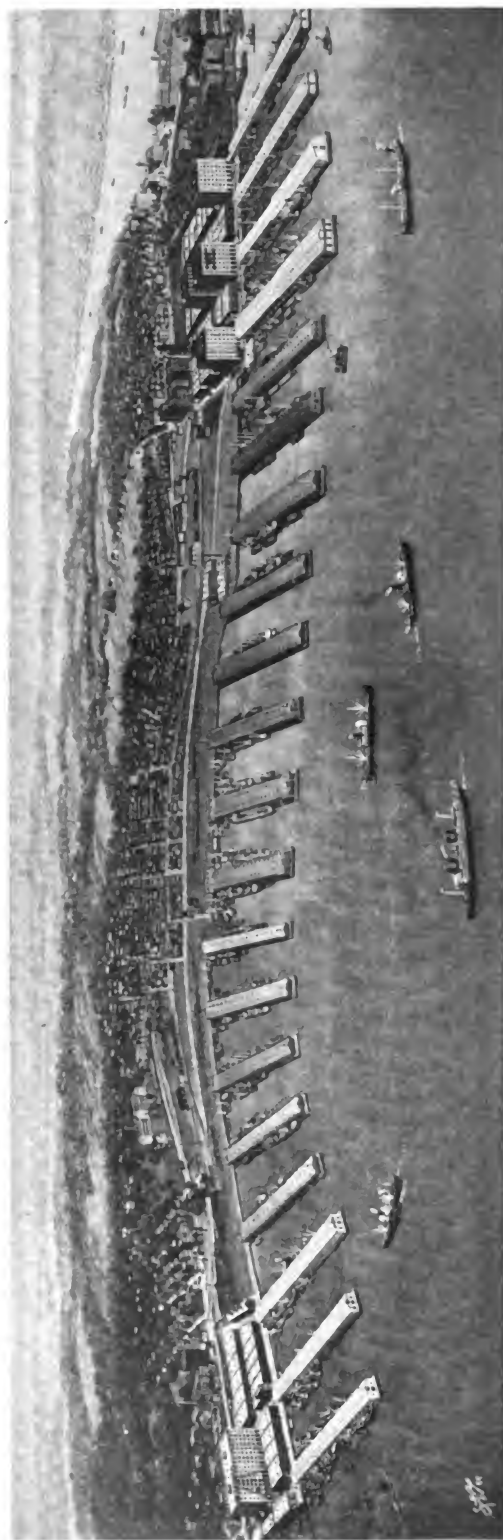
The vast acreage awaiting cultivation that is surveyed and the exact location of each quarter-section is shown in an elaborately prepared map just issued by the national resources intelligence branch of the Department of the Interior, Ottawa, Canada. Supplementary to this map are booklets giving detailed information by districts concerning the land, the name and address of each owner, nature of soil, value of farm buildings, distance from a railway, etc.

Many in the United States who contemplate finding a farm home in Canada will be interested in the map and booklets which have been prepared with the most minute regard for accuracy and which will be sent free upon application to the intelligence branch.





Progress of development in 1919



Pouch Terminal, Piers 19 to 21

STATEN ISLAND—CITY AND PORT OF NEW YORK

American Dock Terminal, Piers 1 to 5

The Development of Rail and Water Terminal Where Wheels and Keel Meet

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By A. B. Pouch

President, American Dock and Pouch Terminals

THE need of additional terminal facilities in the Port of New York has been a recognized fact for many years, but the amount of vacant waterfront property suitable for a dock and warehouse terminal is very limited and of small area.

Webster gives the definition of a terminal as "the end of a road," but the general understanding of the word in New York is a place where rail and water transportation join at a common point or where wheels and keel meet. To attain this result the ideal terminal must be located directly on a deep water channel, near the entrance to the harbor, within free lightering limits, where direct all rail connection can be had with the great trunk lines of the west independent of car floats, convenient for trucking, accessible to Manhattan, sufficient area to accommodate several steamship lines and ample warehouse facilities for storage of freight in transit.

ADVANTAGES OF THE POUCH TERMINAL

The Pouch Terminal, located in a cove at Clifton on the east shore of Staten Island, sheltered from prevailing winds by the hills of Richmond County and free from ice flows so dangerous to water transportation, not only has this ideal location, but is unique in its construction and offers facilities not obtainable at any other terminal in the City of New York.

The layout of an ideal water and rail terminal requires the coordination of piers, warehouses and rail connections in such a comprehensive manner as to economize space, avoid congestion, save time and eliminate waste energy. By



ALONZO B. POUCH

President American Dock and Pouch Terminals

Alonzo B. Pouch, president of the American Dock and Pouch Terminal, is a member of a well-known Brooklyn family which owns much waterfront property at Staten Island. He was born in Cleveland a little over fifty years ago and was educated at the Adelphi Academy, Brooklyn, later studying engineering at the Stevens Institute, Hoboken. He is a resident of Staten Island and is identified with various interests in the Borough of Richmond. The success which he has obtained in developing the storage and wharfage facilities under his control has not alone been profitable to him and his company, but has been of great benefit to the general commerce of the port of New York which has derived much advantage from the facilities provided at Staten Island.

a combination of modern construction with economical labor saving methods and devices the new Pouch Terminal offers facilities of greatest advantage to its patrons.

Although the water frontage of this



Site of Terminal in 1917

terminal is only 1,000 feet it covers an area of thirty-three acres and has three covered piers, all completely protected by sprinklers inside and outside, each 130 feet in width by 900 to 1,150 feet in length with concrete deck, constructed on most modern type, adaptable for ocean going vessels, railroad tracks extending the full length of piers and having slip room between piers of over 300 feet. The advantages of this location and the demand for pier facilities was so acute at the time this terminal was being developed that all three piers were leased for a term of years to responsible steamship lines

long before their completion in the fall of 1919. The active part these facilities have had in handling a large part of the commerce of the port is well pictured in the illustration herein, reproduced from actual photographs.

DEVELOPMENT OF THE TERMINAL

The success in developing the Pouch Terminal in this convenient locality, adjacent to the Government Quarantine Station, no doubt had considerable influence on the city officials in selecting the adjoining waterfront property for its huge municipal terminal where twelve 1,000-foot piers have been con-



North side of Pier 21—1918



South side of Pier 21—1919

structed and like the privately owned piers of the Pouch Terminal, were rented before completion; in fact leases were signed before work was contracted for and piers practically built to order of tenants.

With the completion of all these piers, linked together, by direct rail connection, the American Dock, Municipal and Pouch Terminals, Staten Island now has twenty-one shedded piers covering a water frontage of two miles and forming the greatest chain of 1,000-foot piers to be found anywhere in this country.

WAREHOUSE DIVISION

The warehouse division of Pouch Terminal is equally as important as the piers, for no terminal is complete without ample accommodations for storage of freight awaiting shipment to or from cars or steamship as piers are too valuable to be used for storage purposes and it is this combination of facilities, which gives this terminal its advantage and prestige.

The most important function of a warehouse is to provide protection for merchandise stored and this protection



Ideal service can only be obtained by the use of modern facilities, operated by practical methods, thus securing economy



General merchandise in concrete store

can only be obtained by the use of automatic sprinklers. A fireproof building in itself does not eliminate the fire hazard to contents, therefore fire appliances must be relied upon. The advantage to the merchant who patronizes a warehouse with sprinkler protection is expressed in the insurance rate which is less than half the amount charged in the same type of building without sprinklers and one-fourth the rate charged on ordinary or semi-fireproof buildings. The sprinkler system at this new terminal, not only has the ordinary sources of water supply, fire alarms, standpipes, roof nozzles, etc., but an electric fire pump connected with the unlimited water supply of the bay and in charge of competent engineers and watchmen, night and day.

This protection is not only for the warehouses, but for the entire plant including piers and pier offices, in fact it would be difficult to find any section where the tens of thousands of little sprinkler heads are not guarding or protecting the property of the patrons or tenants.

The necessity for storing various classes of merchandise separately, such as—free and bonded—fibre and non-

fibre—cotton and hemp, requires individual compartments with special features to meet the custom of each trade. This is accomplished by the use of seven-story buildings sub-divided for certain commodities, especially lightweight non-fibre packages, and one-story stores of small area for heavy packages and fibres. By the separation of these various classes of merchandise the merchant is able to obtain additional deduction on insurance rates which cannot be allowed when all classes of commodities are placed in the same building or compartments.

Piers and warehouses alone by themselves do not constitute a terminal but the connecting link which creates and coordinates these facilities is the railroad and labor saving devices which collectively spell "Service". These units of service sometimes called tools of industry or equipment include—gasoline tractors, dock trailers, portable gasoline and electric cranes, exterior and interior electric hoists, gravity chutes, etc.

NEW BUILDING UNDER CONSTRUCTION

In order to provide warehouse facilities for that portion of the freight han-



New warehouse unit under construction

dled at the new municipal terminal which will require storage on Staten Island, the American Dock and Pouch Terminals are constructing 2,500,000

cubic feet of additional protected storage area and this increased capacity is of the most modern type of fireproof building, with a variety of new features



Vacuum Company plant where foreign cotton is fumigated

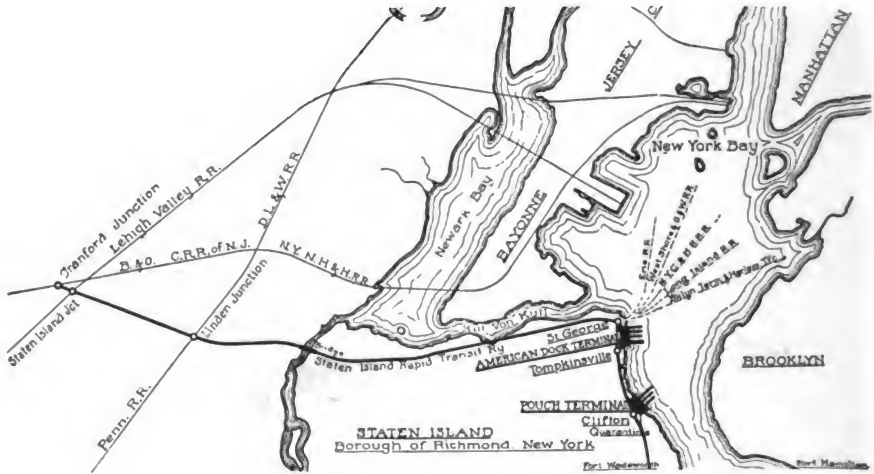


Diagram of New York Harbor showing location of the American Dock and Pouch Terminals with direct all rail connection independent of Float System

—labor saving devices and equipment for handling and storing merchandise in a safe and economical manner.

pass through the huge cylinders when special forms of fumigating are required.

DIRECT ALL RAIL CONNECTIONS

The motive power used for switching freight cars is the heavy type of gasoline locomotive of Baldwin make and will haul ten cars on level grade at one time.

These Staten Island plants have the distinction of being the only dock and warehouse terminals in New York City having direct all-rail connections with the main trunk lines of New Jersey independent of float system. The Pouch Terminal also has the additional distinction of having a special plant for fumigating foreign cotton, in accordance with the Government requirements. This feature is maintained by the Vacuum Company of Boston and although especially operated for the purpose of eliminating the Boll worm from foreign cotton, many other commodities

ADVANTAGES OF STATEN ISLAND

The advantages of Staten Island, particularly at this locality, and the extensive improvement of this large stretch of water front, have influenced other private interests to create additional links in this great chain of port facilities which collectively help to develop the commerce of this port. Adjoining the Pouch Terminal is the new plant of the Merritt-Chapman Derrick & Wrecking Company and also the new dry dock and repair yard of the New York Harbor Dry Dock Company. Both companies being conveniently located adjacent to these great terminals and fully equipped to do heavy hoisting and lightering, dry docking and general ship repairs, can render prompt service to steamships loading or discharging in this section of the harbor.



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ELMER H. YOUNGMAN, Editor

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The Basis of an Enduring Peace

ONE may sympathize completely with President Harding's declared intention to keep the Washington disarmament conference within practicable limits without abating the wish to have the ultimate ideal of complete disarmament achieved.

It may be true, as the President says, that the realization of this ideal must await a revolution in human character; but is it too much to indulge the hope that the tremendous convulsion which the world has just sustained, and whose shocks are still vibrating throughout all the ramifications of human society, may not bring about this revolution?

As animals and plants find their existence modified by their physical environments, so does the human mind undergo no less important modifications by the events which take place in the course of time.

If it be said that human nature is much the same as at the beginning of recorded history, to test the truth of this statement one need only to refer to the disappearance of the many impediments to the progress of mankind and the gradual emergence of ideas which ultimately have given us a more enlightened public opinion. People do not look at things now in the same light as they did three thousand years ago, or even twenty-five years ago.

Is it possible to deny that the human mind is susceptible of taking a more liberal view of conditions now than it was in the darkness of the Middle Ages, or even at the period when the civilizations of Greece and Rome were at their highest point?

If it be said that the alacrity of nations to engage in war with one another proves the undiminished existence of national hatred, the question can be asked, How is it that such efforts as were never before witnessed have been put forth in recent years for the alleviation of world-wide suffering? These activities are of comparatively modern origin. Certainly they have never been exercised to anything like the same extent as has been witnessed within the last twenty-five years.

If it be admitted that selfishness is the dominant element in

human character, it must still be conceded that this quality is capable of a considerable degree of enlightenment. Are we not witnessing in these times a growing recognition of the idea that the prosperity of the individual bears a very direct relation to the prosperity of the community? And from a realization of this fact, may not the various nations of the world soon proceed to a recognition of its corollary, namely, that the prosperity of one nation is indissolubly bound up with the prosperity of all others? Should an understanding of this fact once be reached, it would result in a very marked modification of international policies. Not only could there be a very material reduction in armaments, but many of the commercial laws designed to cripple the trade of other nations could be dispensed with.

In taking this more enlightened view of the relations that should exist between the various nations of the world, no place exists for mere sentimentality, for fundamentally it is nothing more than the practice of the square deal which individuals have long ago found to be the best rule of conduct in their business dealings with one another. Just why a principle that has been found in practice to work so well when applied to individuals should be deemed incapable of this wide extension, does not appear.

Heretofore each nation seems to have proceeded too much upon the theory that this rule does not apply beyond the three-mile limit. How much the world has suffered through this narrow construction of the rule in question, is too apparent to need further demonstration.

Permanent peace is to be reached, not by mapping out spheres of influence and annexing alien territories, and then forming international agreements to maintain the privileges thus unjustly acquired; but the world will find its way to an enduring peace only by the practice of righteousness.

A peace of injustice, however strongly it may be buttressed by international agreements, cannot last. Only the peace of justice will endure.

International Guaranty of Security for France

CLOSE observers of the European situation have been impressed by the fact that the principal obstacle to a beginning of a return to more normal conditions is less of an economic than it is of a political character. The situation is very clearly stated in a recent report on "European Problems and Their Relations to American Business," made by a committee appointed by

the Chamber of Commerce of the United States to visit Europe for the purpose of observing conditions there. The report says:

"The conditions existing between France and Germany dominate the European situation. Similar conditions in Central Europe are of nearly equal importance. In Western Europe the French fear of future military aggression by a rehabilitated and revived Germany influences the whole problem.

"There is practically no dissent in any of the European countries, among those who have given the subject most thought, from the belief that if Germany pays the indemnity fixed, or anything like it, she must again show great industrial strength, even greater than before the war. Her metallurgical plants and chemical industries must be developed further. Such a Germany with a population of over sixty million people will likewise be potentially a great military power.

"The speed with which countries having large industries may be turned to the production of war material, and the almost unlimited possibilities of the chemical industry as a factor in modern warfare, have been fully demonstrated.

"It is pointed out that Germany has millions of soldiers who have returned to civil life. She has a larger number of trained fighting men than any other country. In the process of disarming Germany, since the signature of the treaty, great difficulty has been encountered in securing delivery of her arms and ammunition.

"It is argued that the promptness with which Germany is able to place men in the field is demonstrated by the fact that, during the recent controversy respecting Upper Silesia, a force of more than 50,000 men was assembled from nowhere in two weeks, fully equipped with machine guns, heavy artillery and airplanes.

"Twice in fifty years France has been overrun by the German armies. The last war resulted in damage which Germany cannot make good and an appalling sacrifice of life.

"Being now in a position to take measures for her own protection, France, with her population of 38,000,000 people, compared with her neighbor of over 60,000,000, does not propose to take chances on the future.

"Either Germany must pay France a substantial part of the damage she has caused, or France is economically crippled for generations. France intends that Germany shall pay. If France cannot at the same time, by some sound agreement among the nations, be assured against another German outbreak, French sentiment will strongly oppose retirement from the banks of the Rhine and will be tempted to encourage and promote the division of the separate states which now make up Germany.

"France, in common with some of Germany's other neighbors, does not consider that there is a sound reason, in the interest of

humanity, why the present German Republic should continue, when states within its borders do not value such solidarity. There is a strong opinion in countries bordering Germany that it would make for continuous peace in the world if Germany should be broken up and rendered impotent for military action in the future.

"Among those who hold this view the conviction exists that the great nations of the world will be unable to get together for the firm establishment of peace and the assurance of security which France and some of the other European nations feel they must have for the future.

"The earnest apprehension which exists in France concerning the danger of a restored Germany is apparent in every political group and among all classes of citizens. Similar fear exists in Poland and Czechoslovakia.

"Believing there is yet no peace, but instead, recurring minor conflicts and constant danger of the resumption of large operations, France consequently feels obliged to carry an army of 750,000 men. Czechoslovakia, with only 14,000,000 inhabitants, has a standing army of 150,000 men. (On a corresponding basis, the United States would have an army of nearly 1,200,000.) It is estimated that Poland has under arms 200,000 soldiers. Hungary, Roumania and Jugoslavia all have large armies. This military activity is in addition to that in Southeastern Europe where war between the Greeks and Turks still continues.

"While the attainment of real peace in Central Europe, and in turn in Russia, presents a great problem which must soon be solved if serious economic difficulties are to be overcome, there is no escape from the fact that the relation of the restoration of Germany to peace in Europe and security for France, and Germany's neighbors, is the question which must be met first.

"The mines, industries and lands of northern France must be restored before that country can enjoy real prosperity. The enormous plants and the great skill of the industrial Germany which did business throughout the world before the war must also be utilized fully before commerce between the nations can resume its normal development. It does not seem possible for either to occur, however, unless there is peace and some promise that military aggression by Germany or any other important state will be prevented in future so far as such prevention is humanly possible.

"It is essential to Germany, in her own interests, that some plan shall be devised by which France and other European countries shall be given assurance of security in the future. Some of the most important leaders in Germany frankly declare that France should have such assurance. They were unable to suggest any acceptable guarantee which Germany herself could offer, but they expressed the hope that the other countries might soon agree upon

some method of meeting the situation. German leaders believe that otherwise they must live and work for years in a state of constant friction with France and the ever-present possibility of French armies occupying more territory whenever difficulties arise.

"The cost of the armies of occupation represents a large sum of money which, under the treaty, Germany must pay in addition to indemnities. If this expense could be cut off or reduced to a minimum, it would help Germany greatly in making payment. It would render outside financial aid to Germany much easier than under present conditions. It would likewise be of assistance to France, since it would restore to productive effort thousands of her young men now in her army whose employment as a police force represents an enormous burden, and is a drag on the whole world. The possible removal of this burden, however, depends upon some effective plan for the maintenance of peace, on which the nations shall unite."

The foregoing is presented because of the close relation existing between the world's economic situation and political conditions in Europe.



Growing Recognition of Interdependence

IN welcoming the delegates to the Los Angeles bankers convention, J. M. Elliott, chairman of the board of the First National Bank of that city, drew the following clear and true picture of the changes which recent years have wrought in the relations of bankers to the community:

"It seems to me that the outstanding development in the last fifty years of banking history has been the growing recognition of our unity of interest with men in all walks of life; with all classes of business; with all sections of the country, and lastly, with all parts of the world. Their prosperity is our prosperity. Their trials are our trials.

"While doubtless many bankers of fifty years ago knew that no great prosperity could come to their institutions unless the country also prospered, there were some who felt that hard times could be utilized by the banks to exact excessive interest and otherwise take advantage of the situation. Under such narrow views of banking ethics is it a wonder the public was suspicious?

"But of late years the broader view of banking responsibilities has permeated the whole fraternity and the business field and has spread to a large proportion of the public. This great American Bankers Association has been of notable service along this line as well as in more technical fields. It has made us feel more clearly the community of interest and the necessity of cooperation.

"Again, the willingness of bankers all over the country, wherever they are able to join in the formation of pools for the assistance of some particular industry is but an evidence of the wider view of things that we have at the present time. We also feel that the man we must assist is the producer, and I especially wish to bring to your attention for study the cooperative marketing associations which have developed in this part of the country to a greater extent than elsewhere.

"We might claim that the realization that we can only prosper as the country prospers has broadened our views and that while our opportunities have increased, the responsibilities, we realize, have increased at a greater rate, and that not only for our own country, but for the whole world. Think that today, for all practical purposes, the world is smaller than when Caesar set out to conquer Gaul. Such is the interrelation of the different nations that we cannot, if we would, avoid the responsibility."

Mr. Elliott's observations related to the relations between banks and their depositors, but as will be seen from the conclusion of his remarks, he had in mind the wider responsibilities which the bankers sustain to the people of the entire country, and indeed to the world at large. If this broad interdependence comes to be more fully realized it ought to go far toward lessening the strife which heretofore has generated so much friction and brought about misunderstandings which have often been serious in their consequences.

The desirability of a wider recognition of this interdependence was thus succinctly stated in a recent address by Hon. William H. Taft, Chief Justice of the United States Supreme Court:

"Never before has it been so clear that our prosperity is dependent on our relations to other countries and the maintenance of these relations in a friendly state of mutual confidence and good wishes. The greatest obstruction to the world's maintaining harmony among its members is the misunderstanding between them and the lack of accurate information which one nation may have of the exact situation of the other, and of the necessary effect of that situation upon that other's views of their relations."

Of course it must not be forgotten that something more than a good understanding is necessary. The real point is, that nations should so shape their policies as to indicate a comprehension of the fact that the prosperity of each individual nation rests upon the prosperity of all. This would lead to the institution of economic and political policies which could be put into effect in any particular country without operating to the injury of other countries. The adoption of policies of this character is something different from a mere good understanding, however desirable the latter may be.

It is to be regretted that a great deal of the discussions of international political and economic affairs is tinged with the personal bias of those who originate or disseminate the information, and is too frequently characterized by vindictiveness and a desire to create international friction. The disseminators of news are too often more eager to collect and publish something that will create sensational interest throughout the world than they are in publishing information calculated to promote concord among the nations of the earth.

The blame for this propensity does not rest upon the purveyors of news, so much as it does upon those who have an apparently insatiable appetite for this sort of mental food.

Probably the only effective remedy for the state of affairs complained of is to bring home to the people at large that they are injured in their business and otherwise by the spread of information calculated to engender international discord.

It is very gratifying, no doubt, to national pride for each country to boast inordinately of its institutions and prowess, but when it is once understood that this attitude of mind begets jealousy on the part of other nations to an extent liable to lead to trade reprisals, or even to war, some modification of this spirit may take place.



Putting the Unemployed to Work

REMEDIES for unemployment range all the way from plans for local "buying movements" to schemes for issuing large amounts of Government, state and municipal bonds, the proceeds to be used in road-building and other constructive enterprises. Plans such as these seem to meet with great popular favor, while suggestions for public economy, for an adaptation of the tariff to the changed position of the country in international trade, for a reduction of the taxation which is retarding business enterprise, and for such lessening of labor costs as will bring the cost of production to a level that will tend to stimulate buying, and thus bring about the enlarged demand for goods which in turn will lead to the increased employment of labor—all these suggestions meet with scant favor. Public officials and the people themselves seem less disposed to accept the surgical treatment which alone will restore health to the economic body than they are to swallow the nostrums which quackery prescribes.

Unwillingness to face a bad situation, to meet the issues squarely, affords little ground for hope of a sound and permanent betterment of the existing situation.

The times are serious enough to demand the utmost candor and

good faith in dealing with the unemployment problem. He is no real friend of labor who deals with it otherwise. Nor are sympathetic manifestations that offer no practical solution of the difficulty of much account. Indeed, there has been rather too much snuffling about the matter already.

Going straight to the heart of this problem, do we not find that it essentially consists in the restoration of the profitable conduct of industry and trade?

If we can find means of enlarging the volume of business, the problem of unemployment will solve itself.

What, then, is hindering the usual processes of manufacturing and exchanging goods? The answer to this question is by no means simple, for the deterrent influences are not alone domestic in their nature, but world-wide. At the bottom of them lies an all but universal breakdown of confidence. This is not a mere psychological phenomenon to be cured by a change of mental attitude. As confidence was impaired by actualities, it can be restored only as those actualities are changed.

Chief of these hindering influences is the uncertainty of the international political situation. While the armistice of November, 1918, brought about a cessation of hostilities between the powers chiefly concerned in the war, it did not bring about a real peace—such a peace as has a good understanding, or at least its beginnings, for its basis. In several of the European countries war is either still going on or an armed truce exists. Between two of the principal combatants in the late war, France and Germany, a spirit of hostility persists whose bitterness has increased since the armistice and is still growing. Even France and England have of late had serious differences as to the policy to be observed in carrying out the terms of the so-called Peace Treaty.

Only as these conditions approach something like the ordinary peaceful relations which have heretofore subsisted between nations can we hope for that clearing of the international political atmosphere which constitutes the first and indispensable step toward the restoration of sound finance and the gradual building up of world trade.

The delay in this restorative process must profoundly affect our own domestic situation, for so great is the present interdependence of nations that the United States can not hope to prosper while the other countries of the world are sorely stricken.

The first requirement as to our domestic situation was well stated in an address recently delivered at the convention of the American Bankers Association by Elliott C. McDougal, president of the State Bank Division, who said:

“Under the present staggering load of taxation, there can be

no real revival of business, unemployment conferences to the contrary notwithstanding."

In the face of this requirement, Mr. McDougal made this strong arraignment of the attitude of Congress:

"Judged by its own acts, Congress little cares what happens to business, or to the nation, so long as it can avoid any real reduction of Government expenses, so long as its members can keep all their friends on the Government payroll, whether needed or not."

There will be substantial agreement with Mr. McDougal's statement that there can be no real revival of business until taxation is greatly reduced, for the imposition of heavy taxation is not only tending to dry up the source from which capital is obtained, but by absorbing the profits of industry is lessening the incentive for men to incur the risks which attach to enterprises of all kinds in a greater or less degree.

Mr. McDougal's indictment of Congress is severe, but judging by the record thus far made in legislation looking to the reduction of taxation, it does not appear to be inconsistent with the facts.

Until there is a marked disposition to face the situation squarely, both as regards governmental expenditures and labor conditions, it is difficult to see what ground there is for believing that the situation will be greatly improved.



American Banks and Foreign Trade

PRIOR to the entrance of American banking institutions in financing foreign trade on a large scale, much oratory was indulged in, by experts and others, favorable to a policy of this kind. Now that this venture into the foreign field has turned out rather badly, those who were strongest in urging the American banks to make this departure condemn the banks for showing a tendency to withdraw from banking operations that have proven disappointing in many respects.

It is not just clear how any one can expect the banks to continue operations which have turned out to be unprofitable, even to an extent which if continued might threaten the very solvency of the banks engaging in this field of finance. If the banks did not, at all times, exercise a wise discretion in their incursions into this field, they certainly ought not to be blamed for showing a reluctance in continuing to operate where so many risks are involved.

In view of the inability of many of the other large banks of the world to meet the demands for foreign financing, it is to be regretted that the American banks cannot see their way clear to a continuation of this service, and especially so in view of the fact that American

trade will suffer quite seriously if our banks shall not continue to furnish such financing as may be requisite.

A disposition harshly to criticise the American banks for the losses they have sustained through their foreign trade operations seems unwarranted. The world-wide and sudden collapse of credit could hardly have been foreseen even by the most experienced and wisest bankers. That the American banks showed a considerable degree of boldness in going into foreign financial transactions is rather to be applauded than condemned. It was highly essential that the interchange of commodities should be maintained, and in order to do this the extension of world-wide credit was necessary. The American banks, in helping to keep the world's foreign trade going, thus rendered an important service. These operations, for a time, proved highly profitable, but all at once the tide turned on account of the continued rise in prices, which finally resulted in a more or less general cancellation of orders and a refusal to take goods already shipped. The instruments of credit arising out of international trade thus lost almost immediately a very large part of their value, and the banks in consequence were placed in a position where they were liable to sustain considerable losses. As a matter of fact, these losses have been in many cases actually incurred. Fortunately, the banks suffering in this respect were so large and had such strong accumulated reserves that they were able to stand these losses without serious inconvenience.

It is especially to be regretted in this connection that the movement for getting the Foreign Trade Financing Corporation under way has been indefinitely held in check. This must be attributed to the unfavorable conditions prevailing in international trade rather than to any defect in the form of organization of this institution or the character of its management. Quite naturally, those who in ordinary times would have been interested in such an institution concluded that if the existing banks were incurring material losses through their foreign trade operations, there was nothing to encourage the organization of an institution especially designed to finance foreign trade.

It is believed that the principles upon which the Foreign Trade Financing Corporation was based were sound, and that ultimately they must be embodied in this or some similar institution designed to give to our international trade the support of the invested capital of this country. Most regrettably the delay in the functioning of the Foreign Trade Financing Corporation has brought about a further intervention of the Government in furnishing financial support to foreign trade.

Very likely, when political conditions in Europe become more stable, it will be possible again to revert to the Foreign Trade Financing Corporation as an instrumentality well calculated to

assist in the permanent development of our trade relations with various parts of the world.



Branches of National Banks

THE proposal to favor the establishment of branches of national banks seems to have enlisted considerable interest at the recent convention of the American Bankers Association, and some division of opinion. Undoubtedly in recent years there has been a tendency favoring the establishment of branches of national banks, especially in the larger cities of the country. Not only has there been a decided change of opinion on this subject, but several national banks in the more important financial centers have found a means of creating a considerable number of such branches. This has been done not by the direct establishment of branch institutions but by purchasing existing state banks with branches and then incorporating these branches with the national bank making the purchase.

While the National Bank Act authorizes state banks entering into the national system to maintain their existing branches, it is doubtful whether this provision was intended to sanction any such general adoption of this policy as has been brought about in recent years. In some cases national banks have been converted into state institutions, and then absorbed by some existing bank or trust company, particularly with the view of later being taken over by some one of the big national banks. This is an indirect way of bringing about the adoption of the branch banking system, and would hardly appear to be consistent with the provision of the National Bank Act, to which reference has been made.

The relative advantages of the branch banking system and the independent banking system which now prevails have been exhaustively discussed in recent years, and probably nothing new is to be said on the subject. The fact remains, however, that under our independent banking system the banks have grown rapidly in numbers and resources, and that they have, perhaps, been more instrumental in bringing about rapid and intensive local development than the banks of any country in the world.

It is believed by the friends of the independent banking system that this has been due to the strong interest which the stockholders, directors and officers of these local banks have in the growth and development of their respective communities. The friends of the independent banking system also quite vigorously resent the charge that the smaller banks on the whole have made a less favorable record for safety than the larger banks operating branches.

The partisans of the branch banking system are equally strenu-

ous in maintaining the superiority of the branch banking system. Undoubtedly this system has worked well in some of the smaller countries, but it can be said with equal truth that the independent banking system has been found well adapted to the needs of a country so vast in extent as the United States.

It appears that recently attempts to get through Congress a bill providing for branches of national banks has come quite near to being successful without attracting very much attention from the bankers of the country.

Of course, if it is the wish of the people of the country, including the bankers, to substitute the branch banking system for that which now prevails, this should be done in the full light of day, and only after the propriety of this change has been submitted to the test of long public discussion.

This proposed change would constitute a very radical alteration of our banking system, and one which should not be undertaken except in the light of long and careful deliberation.

If the branch banking system were adopted, and this change should be followed by a general extension of branches of the larger national banks throughout the country, it conceivably would mean that in time the banking business of the United States would completely fall into the hands of a comparatively small number of banks located in the chief commercial and financial centers. Whether this is a development that either the bankers or the people of the United States wish to have brought about may well be questioned. Certainly they can hardly be expected to favor having such a change made without a full knowledge of what is being done.



Criticism of the Federal Reserve System

IN recent months various features of the Federal Reserve System have been made the subject of severe criticism. These criticisms run all the way from the charge of partial and extravagant management to attacks upon some of the fundamental characteristics of the system itself.

When the Federal Reserve Act was under consideration in Congress, **THE BANKERS MAGAZINE** was at some pains to point out on several occasions that a banking system under government control was liable to be subject to severe and perhaps fatal political attacks. In making this statement it was not the purpose of **THE BANKERS MAGAZINE** to venture into the dangerous realms of prophecy, but the prediction was based upon the experience which the country had had on two previous occasions in setting up banks under government control. Both these banks succumbed to hostile

political assaults, and it seemed a not unwarrantable inference that a governmental banking system instituted in these later times would be liable to similar dangers. This belief now appears in process of justification.

While believing that any banking system closely allied to the Government is liable to incur political hostility, and mindful even of some of the fundamental defects in the Federal Reserve System itself, **THE BANKERS MAGAZINE** nevertheless considers these attacks as exceedingly ill-timed. It is even doubtful whether some of the criticisms are based upon a genuine desire to better the banking system of the country, rather than to gratify personal spite in some cases, and to exemplify pride of opinion in others. The times are much too serious for considerations of this character to be given any weight whatever.

It is hoped that as soon as the situation of the country permits the inflationary element in our banking system, made possible through the requirement that all the national banking reserves must be deposited with the Federal Reserve Banks, will be modified. It is questionable, however, whether even so necessary a step as this should be taken while the financial situation of the country, and indeed of the world, is so much disturbed as it is at the present time. Any sudden and radical change in the banking system of the country is to be deprecated under existing circumstances.

The very large profits which the Federal Reserve Banks have been able to earn in recent years have been due to a large extent to the enormous operations made necessary by the war; but for this great catastrophe the major part of the rediscount operations would not have been necessary, and these operations have constituted the chief source of profits of the Federal Reserve Banks. Some day, after further study and experience, the country may find that a large part of the rediscounting operations could be dispensed with altogether. This applies particularly to those cases where rediscounts are made merely for the sake of obtaining circulating currency, and not for the purpose of replenishing reserves. If these operations could be avoided and the issue of currency remitted to the individual banks, the profits of the Federal Reserve Banks would be measurably curtailed. Of course, in the long run these profits are paid by the industry and commerce of the country. If they could be materially reduced, or done away with completely, the business of the country might, theoretically at least, be conducted at so much less cost. It is, of course, a debatable question whether or not, if these profits were dispensed with, the resulting benefit would be passed on to the commercial and manufacturing interests or absorbed by the banks themselves. The earning of these abnormal profits has made it possible to pay very large salaries to some officers and employees of the Federal Reserve Banks, and

to provide for the erection of large and costly buildings. As a matter of fact, the charge of extravagance can hardly be sustained in view of the large earnings. These earnings are of a character which makes possible the payment of large salaries and the erection of costly buildings without seriously cutting into the earnings or surplus funds of the Reserve Banks.

A real point of criticism would seem not to lie so much against the policy of paying large salaries, or of putting up expensive buildings, as against a policy which exacts so large a toll from the commercial and industrial community. But even against such a charge of extravagance on this basis there are some compensating elements which should not be overlooked. The banking and commercial community has secured through the Federal Reserve System an insurance against the terrible financial panics which have afflicted the country in past years, and it is doubtful whether the cost of this insurance has been to any extent out of proportion to its value. Of course, there is no reason, however, why the insurance should not be more cheaply obtained, if that is at all possible without injuring the stability and the efficiency of the Federal Reserve System.

The fact that the banking system of the country was placed under Federal control instead of being left in the hands of bankers themselves must be attributed to the political prejudice which still exists throughout the United States in regard to banking operations. The political hostility which has been aroused against the Federal Reserve System is the price we are paying for this attitude of mind toward banking.

LET us not be fearful of being swamped with imports—imports that may have been produced perhaps with cheaper labor than ours. No country will in the long run export more than it imports or make in the aggregate more than its own people consume. If wages are lower than ours in some country sending goods to our shores, you may be sure that the machine equipment of that country is small and its productive capacity small. The demand for commodities in that country will keep pace with any productive or exporting capacity they can reach. Their own imports will grow with their exports and we in turn should find the way to make our exports at least a share of their imports. The safety valve is the fact that the balance of sales must be struck against purchases with others just as it must be with us.

Charles E. Mitchell, president National City Bank, N. Y.



HARVEY D. GIBSON
President New York Trust Company

MR. GIBSON was born in New Hampshire and is a graduate of Bowdoin College. He was first employed by the American Express Company in Boston and New York. Later with several business associates he obtained control of Raymond and Whitcomb Company, of which organization he became vice-president. When Seward Prosser, now president of the Bankers Trust Company, was made president of the Liberty National Bank he invited Mr. Gibson to accompany him as assistant to the president. On January 1, 1917, Mr. Gibson became president of the Liberty National Bank, and when this bank was merged with the New York Trust Company on April 1, of this year, he became president of the New York Trust Company.

The Operation of the Analysis Department

By M. A. Knight

THIS article is intended for the consideration chiefly of bankers doing business in towns whose population range between fifty and three hundred thousand inhabitants. It is so intended because the writer believes that an analysis department would prove unprofitable in a bank serving the interests of a community totaling less than 50,000 people, and because he believes that all progressive banks in cities of a population greater than 300,000

which direction, energetic hard work is fighting against large odds to realize a profit), I have written this exposition of the system and methods adopted and found practicable by a bank in the city of Dallas whose total deposits are not in excess of \$20,000,000, and whose analysis department is effectively operated with a total force of three men.

As soon as the transit, foreign and city collection departments have finished with the incoming cash and collection

ACCT OPENED _____	NAME _____	PRES. _____
BY WHOM _____	LOCAL ADDRESS _____	SECY. _____
ACCEPTED BY _____	HOME OFFICE _____	OTHER BANK ACCT'S _____
CALL FOR _____	BRANCHES _____	
REFER TO _____		

ACTIVITY	SPECIAL MATTERS OF INTEREST
Note Collect.	
Credit Inker.	
Comp. & Bond	
Treas. Dept.	
Fug's Coll.	
Pay Roll	
Savings Dept.	
City Collection	
Mon. Trans.	
Office Cons.	
Sale Deposit	
Box	

Yearly analysis card

already have such a department or such clearing-house rules and organization that its need is obviated.

By "analysis" I wish to be understood to mean the development of a simple but effective control of internal operations and an accurate, scientific determination of the worth, value, and profit of any account carried on the books. Because I believe this affords a means for the thoughtful and scientific direction of a bank's activities (without

letters sent in by our correspondents for credit or remittance, the letters are sorted alphabetically and sent to the analysis department.

There each credit letter is analyzed to determine the amount and time outstanding of all items not available for immediate credit. In asking this determination, the deferred availability schedule of the Federal Reserve Bank is used as a guide in all cases except in those where special arrangements les-

Analysls work sheet

The analysis of the credit letters having been made and the determination recorded on their reverse side, the same figures are posted in the columns on the left-hand side of the analysis work sheet and the total amounts of the credit letters, together with the amounts of exchange charged (if any) are also posted in the proper columns, (denominated "total deposits" and "exchange charged" respectively) provided therefor. The total amount of non-bank items (recorded for "blank" days as was mentioned is recorded in the "charged" column under "B-L pers. drafts, etc.," the number of these items is listed, and the outstanding balance (carried forward from day to day) is deducted one day in toto. Although it is hardly chronological to explain the "credited" column in this connection, still for the sake of clearness I shall do so. As these personal drafts, bill of lading drafts and other non-bank items are paid, the carbon of the letter upon which they are sent out, is marked paid, is dated, and any exchange cost to us is marked thereon. These carbons are collected, routed and sent to the analysis department promptly; with them and with the previously mentioned "B-L record," the department is enabled to determine the amounts to be posted in both the "credited" column of the "B-L pers. drafts, etc.," space and the "exchange cost" column. In case we receive remittance in other than Dallas exchange, for these bills of lading, personal drafts, etc. sent out, cognizance is taken of the additional time for conversion and the amounts and numbers of additional days are posted

in the "deferred rem." column. In parenthesis be it added that whenever items are received and *credited* after it is too late to put them through in the day's clearing-house, on our books, or in the Federal Reserve Bank's district clearing-house, the posting is done in *red ink*, and one additional day is added to account for the one day's delay in conversion.

NAME			
MONTH			
SUMMARY OF DATA	DEBIT	CREDIT	
TOTAL ACTUAL BALANCES			
FIG. AT AGREED RATE OF			
YIELDS GROSS INT. PAYABLE			
NET AV. BALANCE			
LESS % RESERVE			
CREATES LOANABLE FUNDS			
YIELDS AV. DAILY INT. AT %			
Yields Gross Int. for Month			
MISCELLANEOUS			
<i>Specimen</i> <i>"B"</i>			
DETERMINATION OF VALUE			
INTEREST AVAILABLE	EXPENSE	INCOME	
.. CHARGED-			
.. PAID			
.. COST			
EXCHANGE CHARGED			
.. COST			
GROSS VALUE			
Less estimated overhead at 2 cts per item			
NET WORTH			

Summary sheet showing results of analysis

After all amounts in transit are properly analyzed and posted according to the different number of days each amount is outstanding, these amounts must be assembled, extended and recorded to show the total amounts outstanding, each succeeding day. This extension is made and totals determined in the columns titled "daily amount in transit for conversion (in hundreds)." It is then a simple matter for the general bookkeeper to fill in the ledger balances for the day, to subtract the "float" therefrom and thereby arrive at the actual balances available. This having been done, the daily work in connection with *credited* items is through.

However, for analysis purposes it is well to record in one place all there is to know concerning an account's daily transactions with the bank; and thus there are provided the spaces on the work sheet in which to record all collection and transfer transactions entered into during the day. So, except for the loan and credit accommodations extended (and these are hardly matters of daily occurrence) there is on one sheet a complete daily record of the strictly banking business a customer does during the month.

At the end of the month the results of the analysis are summarized on a small sheet (marked "B") and a careful determination is made of the gross profit, actual value and potential worth of any account analyzed. Not always are these figures of profit and worth and value synonymous; for instance, suppose at the end of the month "Specimen National Bank" showed a total actual credit balance of \$785,000.00 and a total actual over-draft of \$252,000.00; if the overdraft balance was exceptional or the first offense, and the account was otherwise satisfactory, the chances are that interest would be paid on the difference between the credit and overdraft balances. In this case the profit would be one amount, whereas, (after figuring the overdraft at the going rate for loans, and subtracting this interest figure from the interest figure due on available credit balances) the potential worth of the account would be as much

ANALYSIS OF ACCOUNT OF									
Name					Firm				
Business					To				
Average Annual Balance					Average Ledger Bal.				
Balance at					Total Loans Due Us				
Increase or Decrease From					Reason				
Cash at Federal Reserve Bank									
Interest Paid on Credit Balance									
Exchange Charge on Out of Town Items									
Exchange Charge on Out of Town Items									
Total									
Average Rate					REMARKS				
Present Account Coll.					Specimen "E"				
Present Account B. B.									
Present Account Bal.									
Present Account Open									
Present Account B/L C. C.									
Present Account (Cash)									
Total									
Free Services Received									
Note Collection					Type Check Book				
Credit Letter					Average Cash				
Copy to Bank					Pay Roll				
Total Pay's					Date				

Analysis of account for a weekly or monthly period

make note of free services rendered, and to make any special remarks that are warrantable. Other extra or special work that is done by the analysis department includes such investigations as

are worth conducting in seeking more economical or short-cut methods to secure conversion of transit items; in seeking new accounts on the basis of superior transit facilities afforded; and in seeking more direct and effective methods for handling the routine work of the internal organization.

In concluding, I might remark that the analysis department bases its right to existence upon these facts:

1. It provides an accurate, scientifically correct record of all transit, transfer and collection activities conducted by the bank for any of its correspondents or clients.

2. It prepares, for a longer or short period, a comprehensive resume of an account's business with the bank and offers a clear, concise determination of the worth of that business, which is demonstrable by proof.

3. It looks into present business with an eye to increasing it, and in search of leads for new business.

4. Finally, it functions constantly as a check on and an investigator of present internal operations, and serves to remind the officers of the bank whenever certain accounts or methods are not satisfactory or profitable.



Much Ado About Nothing

THERE was considerable excitement in the city of Auburn, on the evening of Tuesday, August 30, 1921. Shortly after eight o'clock in the evening, people strolling along the main thoroughfare of Genesee street were startled to hear the big burglar alarm in front of the Cayuga County Bank begin to clang noisily.

Crowds rushed to the bank building from all directions, and others hustled away from the locality just as rapidly, fearing that there might be dynamiting or shooting which would be rather unpleasant to experience.

The captain of police promptly rounded together his doughty henchmen, and the bank was promptly surrounded. In the meantime Cashier

George M. Snyder and Assistant Cashier Menmerster had been notified, and came tearing through the city streets from their homes as fast as automobiles and gasoline could bring them.

The gong kept right on ringing and the crowd kept on peering through the big plate glass windows, but could see nothing at all. Investigation on the part of the bank officials and the police revealed that everything was delightfully quiet and peaceful inside. No bold, bad bandits were encountered or found lurking in dark corners.

The electric wires connected with the gong had in some manner become short-circuited, and when this trouble was remedied "everything was quiet along the Potomac" once more.

Relations Between a Bank and Its Employees*

By Percival Sayward

ANY person who has given thoughtful consideration to the problems resulting in modern times from the relations of employer and employee, understands how the introduction of the factory system early in the nineteenth century changed completely, if gradually, the personal contact of the old regime. All the changes that had occurred since the days of the feudal barons, when the industrial community was a sort of great family congregated in or about the baronial keep or castle for mutual protection and benefit, and work was given out by the feudal head or his family, or those immediately under him, and was paid for in goods rather than money, down through the development of the guilds and the individual apprentice system, had not wrought any essential change in the element of personal contact.

The development of the factory system did not interfere with this element in the banks for several generations. Such institutions remained comparatively small and the office boy, who was employed only after the most careful, thorough scrutiny of his antecedents and character, was soon giving a helping hand in all sorts of work which not only gave variety to his task but also gave him a knowledge of the business in many of its details which assured his advancement at the first opportunity. If bank advancement was slow it appeared sure, the hours on the whole were short and the position carried with it a certain degree of dignity. Best of all, even though the pay might be low, there was a close personal relation between the management and the other fellow-workers which led to the assurance of cooperation, support and interest in those personal affairs and crises of the employees' existence which are almost bound to come at times in the life history of the individual or family

of small means, when such an assurance is of inestimable value.

By 1890 or thereabouts certain changes began to occur first through the increasing size of many city banks and later through other causes. It is easily understood how size alone makes personal contact and personal interest by the heads of a corporation increasingly difficult even to the point of impossibility. The methods of these larger institutions in subdividing the work and the creation of more and more distinct departments were copied as well as might be by the smaller institutions. It became increasingly difficult for the individual to learn practically the work of more than his or her department.

During the last ten years more and more mechanical devices have been introduced, and properly introduced, to assist in handling the work. The business has gradually become industrialized to the point where in certain departments the employee resembles often the factory worker whose day is spent doing a few mechanical motions over and over again. The job has no particular variety or outlook or future or hope, at least in the mind of the worker, who has a corresponding lack of interest.

Meanwhile these changes have allowed a change in the type of employee required. A lower general grade of intelligence and character does as well, with a general lowering of the wage scale, or decreased opportunity for greater responsibility discourages the higher type of employee from entering or continuing in the business.

The increasing numbers of women employed, particularly in distinctly clerical positions, as contrasted with stenographic, has added another feature. Perhaps in accepting a some-

*This article received honorable mention in the prize contest recently conducted by THE BANKERS MAGAZINE.

what lower wage for the same work they also have an added feeling of hopelessness and futility as compared with the man, for they know very well that they are at a distinct disadvantage in securing even minor executive positions which involve contact with the public.

Along with all this is the entire ease with which the customer of any importance may meet an official of a bank. Paying or receiving tellers or senior clerks of long service who come in contact with the public as individuals count for less than formerly, at least in appearance. The customer may easily secure a hearing for even minor questions from an official. The counter work becomes more mechanical. The gulf between the official and the employee has measurably widened and deepened.

Is it any wonder that the cogs grind and creak as the machinery turns!

A test has been applied to the correctness of the foregoing observations within the past three or four years. A great crisis has come into the life of the average bank clerk. His purchasing power has been enormously reduced. Translated into dollars and cents the results are startling and the increase of the old income by even the exceptional figures of fifty per cent. leaves this small wage earner struggling under extraordinarily heavy burdens. But such an increase has indeed been exceptional and what increases as there have been, have generally been slow, with added anxieties and miseries. His own bank or banks that he knows of, despite fair words and generous practice in many respects, in this all important particular have too often shown a spirit and action hard to comprehend. The bank worker says approximately: "My service is the same as previously, my employer is far stronger financially than I. This 'High Cost of Living' is a national emergency like a national loan. Why am I asked to give my funds in proportion to my strength for the one and out of proportion to my strength for the other? I will gladly give my share but this present is an arrangement entirely beyond both my understanding and strength."

Again the cogs grind and groan while

the banks' dividends and surplus seem unimpaired and new departments are frequently added with only prospects of new business for returns, manned by helpers who feel underpaid and are dissatisfied!

Seventeen gentlemen of very different experiences and shades of opinion met in Washington over a year ago at what was known as the Second Industrial Conference. After weeks of careful study they brought in a unanimous report in which they advocated among other important recommendations the general establishment of the practice of "shop councils" within business establishments for the creation of that understanding between the two groups of fellow-workers, the managers and the managed, that would tend to the elimination in their opinion, of far the larger part of the difficulties either real or fancied, that lie in the present situation. The great lawyer, who was the chief spokesman of the employer group at the First Industrial Conference, Frederick P. Fish, has voiced his opinion to the same effect.

The banks of this country need and need badly the installation of a system of "shop councils," not installed by the management in a spirit of "we do it because we have got to do so," nor accepted by the employees in a spirit of "let us work it for ourselves for all it is worth," but installed and accepted in a spirit of mutual trust in the integrity and fairness of both sides. The workers must bring their message and personal problems home to the high executives, the high executives must make clear to the worker the perplexities and problems of the business in both its minor and greater aspects. The executive will find if he will honestly, sincerely invite his fellow workers to share his problems that he does not possess a monopoly of the brains of the enterprise, and the worker if he makes a clear, frank statement of his personal and business problems will find that he does not possess a monopoly of a sense of fairness and justice.

If, furthermore, the worker is given through his representatives a genuine opportunity to help in deciding not

whether there shall be or shall not be a rest-room for the men as well as the women or such minor matters only, but whether or not a new department would or would not prove profitable, it would add mightily to his contentment and satisfaction because of an added sense of significance. At least in all those matters that do relate directly to his business welfare as compensation, profit-sharing, hours, et cetera, he should have a genuine guiding hand. On the other hand the management will find as genuine a spirit of fair play in the worker when he shows him the problems of competition, the possibilities of loss, the expenses, the wastes of the business, that may prevent certain action desired by the employees at a particular time, in fairness to the stockholders and the public.

The bank worker knows with the rest of the community, that the great war has taught us the reality of our mutual interests and that the welfare of all legitimate enterprises, public or private, are his as well as the other man's and that no business lives for itself alone. He feels that he has a rightful interest in the conduct of the enterprise that engages his attention, even though that interest is minor and must be expressed through representation. He knows that that enterprise is not sound that exists at the expense of the interests of either himself, the stockholders or the public.

To compensate for the loss of the personal contact with consequent personal interest of the old days we must substitute the opportunity for the worker to give effective expression to his views and his problems and to feel that he counts again, that we may restore that sincere pride and satisfaction in doing the job well that was the secret of the contentment of the world worker. No business is fit to survive that does not reward its workers down to the very humblest not only with a monetary compensation that gives them an opportunity to develop as well as exist, that gives a reasonable assurance of security in old age as well as a modest opportunity for recreation along the way, but also provides them with inspiration and an outlook on life that is broadening

and upbuilding for better citizenship, not only for the sake of our country but the world.

This century demands that quality of leadership from its business executives, impose that new trust. It demands that leadership shall come from within the business itself where it belongs. From the leaders in the business must come the leadership and not from outside mercenaries, with inevitable attendant evils and errors that have too often been the only resource of the bewildered, unhappy employee of the past. Such a condition of unrest threatens the business of banking as there is evidence from all over the country. Let the leaders within gird themselves now for this new, high enterprise and show their people the way out of the present perplexities!

The application of the "shop council" recommended by the aforementioned Second Industrial Conference might well be applied to the banking business. If the experiment is determined upon the machinery for its inauguration and maintenance lies ready to hand. At least fifty or sixty large American firms already have successfully in operation, some for a period of several years, such committee systems. As applied to the average bank of say not over 200 employees probably one committee directly elected by the employees is all that is necessary. In large banks each distinct department or group should have its committee, from which committee a general committee to represent all could be elected.

Any plan adopted must be the one best adapted to the particular needs of the institution involved. Above all it must be accepted in a spirit of belief in the desire for fair play and justice on the part of both elements in the scheme.

Let us suppose that the first election under such a plan is about to be held. It would seem well that the management should appoint a committee on rules to formulate the method of procedure, such a committee to be representative. In a bank, even of fair size, such an election should be a comparatively simple matter, the guiding

thought of absolute freedom and fair play being constantly in mind.

At this first election every employee not an official should have a vote, while in the future three months' previous continuous employment has sometimes in practice been made a requisite. Pay-roll lists have often been posted ten days or some such period before election showing eligible voters. This prevents discussion at the polls.

Nominations may be made in accordance with the rules of the committee. Fulllest freedom and opportunity must be given in this particular. Any hampering here would be disastrous, but help in encouraging the centering of interest in certain individuals may be given to prevent a too great scattering of votes.

The elections may take place on the premises at some convenient hour and there should be some person definitely appointed as the official in charge. Fulllest opportunity for secrecy in marking the ballot and the safeguarding of ballot boxes should carefully be considered. In large industrial plants an unprejudiced outsider is often engaged to act as election commissioner, with a competent group of assistants.

The committee once elected, it proceeds on the rules the rules committee has laid down. In some cases these committees meet at least twice a month. In other cases they meet only on request of some employee who sets down in writing the cause for a hearing. It is conceivable that in an establishment like a small bank employing 200 or less persons that after the rules committee had commenced the system by the holding of the elections, and the first meeting of the "council" provided for, it might safely pass out of existence, leaving future details as to the frequency of its own meetings, and the rules and regulations for future annual or semiannual elections to wisdom of the "council" itself. In all that is done, steps should be taken to properly safeguard the rights of minorities and the opportunity for their free expression.

At first there might properly come before these councils a wide range of subjects, varying in importance from

wages to methods of stopping waste of electricity or the petty exactions of an official, but in an institution like a small bank it would seem that before long only occasional meetings would be required. It might well be that either side might feel that certain things were not subject to discussion in such a meeting and a friendly statement of the reasons for such a conclusion ought to prevent misunderstanding. However, it is believed by many students, based on practical observation, to be axiomatic that the more fully the worker is allowed to share in the real problems of the business and to understand them, additional to the usual problems of hours, wages, etc., the greater is likely to be his interest in his job and his contentment.

There should be appointed a competent secretary to the "council" and all records should be full and complete and open to inspection. The directors of the bank should appoint from their own number together with one representative of the official staff, a committee of a size equal to the council to meet with them whenever they or the council desire. In a small bank most meetings of the council would be a joint one with the management. If the individual interests of any member of this joint council were involved, he should retire together with a representative of the other side. The chairmanship should be held in rotation from meeting to meeting.

The spirit must be friendly, the proceedings must be frank. There must be no holding back of facts or information from a mere habit of concealment. Occasional requirements of competition may compel a temporary secrecy but other than that in a banking institution where secret technical processes do not exist there seems to be no cause usually for concealment.

Such a "council" would doubtless prevent, by the completeness of the preliminary discussion and consideration, incidents that breed feelings of uncertainty, distrust and misunderstanding, perhaps unsuspected by the management because suppressed and yet almost inevitable under conditions of economic pressure. Even in 1920, after all the

financial distress of the preceding years, enterprising, successful banks announced with formality "improved" compensation plans that proved only superficially to benefit all employees. After a few days or weeks it developed that some group that possibly particularly needed the "improvement" were to be worse off during the coming year. When this condition was discovered it was at once corrected, but the true significance of the incident was not lost on the more thoughtful. How could a management that purported to be genuinely concerned with the welfare of its co-workers sincerely be so concerned when it put forth a plan that caused added days of anxiety to its people when at the most a few hours of figuring would have told the whole story? Seeds of scepticism are thus all too easily sown whatever the motives back of a mistaken, one-sided action.

This openness is peculiarly necessary if a profit-sharing plan is put into practice. The workers must be absolutely sure from personal knowledge that here everything is clear and above-board. The habitual desire for concealment is so marked that it is not hard to discover young, progressive bank officers, in good sized banks expressing surprise that facts relating to business in their institutions are mentioned in the press. One wonders if ever they recall the days when they were clerks and the "underground" passed word quickly over the bank, perhaps to be transmitted by themselves as runners as quickly to the "street" if worthwhile gossip. And when was a secret a secret if known to a hundred!

The "shop council" plan is doubtless helpful to a peculiar degree in the smooth working of a profit-sharing system because it makes for a fuller understanding of the affairs of the bank and an increased confidence in the management. The problem of the introduction of a profit-sharing arrangement is, however, entirely distinct from the "council" idea and before its installation it should be clearly understood in all its possible ramifications.

The fact that profit-sharing for bank employees is a subject for considera-

tion and debate among banking men is an evidence that some purpose is intended to be served by the installation of any such plan in a given institution. One of the first considerations in the wise determining of what scheme of profit-sharing shall be adopted is a clear understanding of the purposes in the mind of the originators of the plan. It may be that the installation of such a plan is with the hope of saving waste, or of securing greater cooperation on the part of the managerial staff, or for the purpose of rewarding individual effort, or for the purpose of securing industrial peace, or for purely humanitarian motives, or for a combination of any of these, or for some other purpose that has particular relation to the conditions surrounding a given business.

It is fairly probable that the purpose more or less vaguely in the minds of bank men who have talked somewhat indefinitely about profit-sharing, is a combination of the purpose to secure greater harmony among the rank and file of the working forces of banks combined with a certain admixture of humanitarian motives. It might be said in passing that extensive investigation of plants where profit-sharing plans are installed has found that almost invariably there was a certain admixture of business and humanitarian elements in the purposes of the founders. Very generally, however, the chief purpose underlying the inauguration of profit-sharing in business is for the increasing of business efficiency.

It has been discovered in practice that as a rule the rank and file of the workers are not sufficiently affected by profit-sharing schemes, however wisely conceived, to increase notably their industry or their economy in the use of materials or time, or in other ways that affect very directly the amount of profit of the business. On the other hand, the application of profit-sharing to the managerial staff has had a notable effect whenever the share of the profits was sufficiently large to count with the man of more substantial income than the ordinary worker.

There is, however, a strong probability that a wisely conceived plan of

profit-sharing is one of the means which helps to smooth the relations between the worker and the management, assisting to bind the worker to his employer more firmly, and combined with the practice of "shop councils" would prove one more rung in the ladder that leads to the heights of perfect adjustment of the two producing factors in a bank's success.

Before any profit-sharing scheme can hope for success there must first be paid the full market wage to the employee. Any plan of shaving the market wage with the sharing of profits to offset this reduction has proved a delusion and a snare in the case of scheming employers, for the worker quickly sees through any such sham. Again, if any profit-sharing plan is to survive because of its significance and satisfaction, it must yield enough so that it will count. It has been found that with the rank and file of the workers it can scarcely be less than five per cent. or six per cent. of the annual wage, while with higher salaried employees it must be substantially more.

In order that the situation of a difference in classification of employees may be met, many firms with profit-sharing plans divide the workers into two groups, those who are more distinctly the wage earners as compared with the salaried managerial group. Usually the plan then secures more certainty of a share in the profits for the wage earner group, while the managerial group have the possibility for a far larger share in the profits along with the greater uncertainty of their having any at all. There is one concern in Bridgeport, Conn., in the wholesale lumber business which has been notably successful over a considerable period of years with a plan of voluntary nature where those in the managerial group, except a reduction of ten per cent. monthly from their salaries to protect the firm in case of a loss. This principle of those entering into this agreement being willing to share the losses as well as the profits the concern considers of great significance in the success of the plan, though in reality this group have never been called upon to sustain a loss. There

has, however, been a considerable fluctuation in their share of profits, year by year.

This brings up the importance of the principle that no plan that is truly a profit-sharing one will yield a guaranteed amount to the worker every year. Such a feature immediately causes the division to be little less than an ordinary bonus declaration. The worker must be impressed with the fact that the amount of the share depends upon the actual annual profit which must necessarily vary somewhat from year to year.

It is not practical to adopt for the ordinary bank a plan of stock distribution as a means of sharing in the profits. Fortunately for the rank and file, the cash distribution plan has been found invariably most satisfactory in practice, while for the managerial staff it has been found to work excellently though probably the weight of testimony would be for a combination for the higher grade of employees of cash and stock distribution. Along with any plan that embraces the rank and file, if the greatest success is to be secured, there must be a continuous campaign carried on to educate the worker to the significance of constant effort and co-operation if he as a unit is to be effective in increasing profits. He must be taught to realize that he has a definite relation to the profits particularly when his actions for good or for evil may be multiplied fifty or a hundred times by fellow-workers who take a like favorable or unfavorable attitude.

Banks are quasi-public institutions and they have certain functions to fulfill before profits for the stockholders, important as these are, are to be considered. Their duty to the public is supreme for as they ask the completest confidence of their clientele, so they must be deserving of it by the adoption and maintenance of peculiarly high standards of regard for what is for the general good.

To secure that confidence there must be a stability in their relations to their working staff, so many of whom must come in direct contact with the public during office hours and all of whom do

so outside of office hours, that gives assurance of whole-hearted, devoted and uninterrupted service at all times. Any steps that tend to obviate present day difficulties, dangers and misunderstandings should be welcomed. The "shop council" or employees' committee is the first great step, and sound profit-sharing is a useful second toward such a relation.

Most important of all will always be genuine leadership—the kind that wins

the loyal support of each and all because it is based on human understanding, as well as human efficiency. All men have hearts that will beat strong and true if rightly stimulated, though often the head may be comparatively weak. Give the hearts a chance, if for no other reason than that the seemingly weak heads have learned well that there is strength in numbers, but also for the greater reason that no corporation, as no individual, lives for itself alone!



Banking Service in the Rural Community

By R. A. Ward

ACCORDING to an old Chinese proverb "Civilization is like a tree, agriculture is the root. Neglect or injure the root and the tree will perish." This is just as true today as when it was written several hundred years before Christ. However, it is only within the last few years that country bankers generally, have realized the many possibilities of their field as it relates to the farm. These possibilities are unlimited and merit the careful consideration of the progressive banker.

The close relationship existing between the farmer and the banker, or between agricultural prosperity and good business conditions is now fully realized by every wide awake banker. We are all willing to agree that America's wealth lies in her soil. To promote and develop to the fullest extent possible the agriculture of a region, is to directly increase the wealth of the community and incidentally the business and the deposits of our banks. Any agricultural extension work done by banks should be considered as purely good, sound business, and not as a philanthropy in any sense of the world. It is fortunate, however, that work of this nature that betters living conditions on

the farm and promotes the prosperity and happiness of people in the town and in the country, should also benefit the business of the bank.

Because of his position in the community, there is one man who is usually consulted by the farmer whenever the latter contemplates any radical change in his farming operations, and this man is his local banker. His advice usually carries considerable weight and is heeded and acted upon by the farmer. For this reason the banker is the logical leader of an agricultural improvement movement in his community. Occasionally splendid ideas advanced by county agents for the improvement of farming practices, fall through or lack complete fulfillment because of inadequate financing.

However meritorious a plan may be that is advanced by a county agent, before the bank invests a great deal of money in it, it is desirable that an officer of the bank well versed in practical agriculture make a thorough investigation of the proposition. An example of this nature occurred in a western state where demonstration trials brought out the value of a new fertilizer. The county agent assembled a community order for some eight cars of this fertilizer

which has increased the wealth of the community by some one hundred thousand dollars worth of new crops. However, in assembling this order, it was necessary for the agent to have the farmer's cash with each individual order. On this account, although a large number of farmers participated, several times as many farmers were prevented from doing so because of lack of funds. Had the bank known of the situation, and had the farmers known of the assistance that could have been received from the bank, they could have been financed in their fertilizer purchase, and the value and extent of the work would have been trebled in the county in question. Here is where an officer of the bank trained in practical and technical agriculture would have been the means of making and saving money for both the bank and the farmer, and also the community.

There are few country banks in towns of 5,000 population and upwards, or even in towns of smaller population, when situated in the midst of a fertile farming section, that would not profit greatly by establishing an agricultural service department and employ a trained agriculturist as the officer in charge. A program for the agricultural development of a bank's territory which is susceptible to adaptation by other banks in the western country, and which has been put into successful operation, is outlined herewith. A bank which tried this program out over a period of some sixteen months is firmly convinced of the value of this work.

It is highly advisable that the person entrusted with the carrying out of this program be well acquainted with agricultural problems of the county. A residence of considerable time coupled with practical and technical experience is a great asset to the department. After surveying the agricultural needs of the community, the bank agriculturist should adopt for his year's program those projects that are of greatest economic importance and that will result in the greatest amount of good being accomplished. A word of warning can well be given here. The program should not be too comprehensive and try to

cover too many projects, as if this is done, there will be a considerable scattering of effort, loss of concentration and no one particular phase of the work will be complete or given the attention that it requires. In fact, many of the projects undertaken will extend over a considerable period of years, and a bank should be satisfied with reporting progress on these activities at the end of a season's work. Many benefits accrue to the bank, which are intangible and cannot be traced directly to the work of the agricultural department. There will be many times when results are apparently slow in coming, and perhaps some bankers may become discouraged, but if the work is given a good two or three years' tryout under the supervision of a competent man, it is our belief the expense will be found fully warranted and the work always continued.

In undertaking work of any nature, particularly in a new field, there is a great deal of "to-do" made of the words "theory" and "practice." A good many so-called practical men are inclined to scoff at theory, forgetting that theory is either correct or incorrect. If it is correct, the practical man should give it his serious consideration. However, because of this natural aversion to things theoretical or idealistic, we will discuss the actual experience of a bank which has undertaken this agricultural work. We will describe its successes and difficulties, and, as it will be a true narrative of the events which occurred, those reading it may feel that they are getting more actual benefit than if they read a proposed plan of agricultural activity which had not been tried out; although in truth, the work described herein was the result of the working out of such a plan.

In the country under consideration it was known that farmers raising the most alfalfa are usually in the best financial condition. This was simply a matter of common sense as the thousands of head of sheep and cattle fed in this section demand lots of hay, and prices for this commodity have always been high. The net return from alfalfa land is far greater than that from other

crops, and the soil is fertilized and improved at the same time. Irrigated land, set to alfalfa in this section, sells for \$100 to \$150 per acre, while unimproved land that is sown to grain or other crops, brings \$50 to \$75 per acre. Accordingly, the bank adopted as the first project of its development program, an increased alfalfa production campaign. Most farmers were willing to plant alfalfa, but many were prevented from doing so on account of the high price of seed. It was here that the bank's alfalfa campaign advanced the development of the country several years, as arrangements were made to secure the best seed obtainable and supply it to the farmers at actual cost. The bank gave them a year's time at six per cent. in which to pay for it, although the prevailing rate of interest in the banks' territory is ten per cent.

The campaign was well received by the farmers and results far exceeded the warmest expectations of those in charge. It had been planned to secure about 10,000 pounds of alfalfa seed, but when the seed was finally received and distributed, it amounted to over 35,000 pounds. Three hundred and fourteen farmers participated and 232 took advantage of the bank's time offer and signed notes for their seed. This seed sowed 4,300 acres to alfalfa which is now producing some 13,000 tons of hay annually. It is bringing \$20 per ton, which brings into the county about \$260,000 of new wealth annually. If this hay is fed to livestock this community can winter an additional 10,000 cattle or 64,000 sheep. The increased value of the new alfalfa lands is in the neighborhood of \$150,000. Intangible results and benefits which will come from this campaign over a period of years will include the increased earning power and bank deposits of the farmers of this community, the breeding of better livestock and adoption of better farming methods, all of which will result in greater prosperity for the community.

The experience of England and the United States has proved that the basis of a permanent agriculture and the maintenance of soil fertility depends

upon the feeding of the crops to live-stock on the farm. When crops are marketed on four legs fully seventy-five per cent. of the plant food is returned to the soil. The country under consideration is first of all a stock country, and has been for fifty years, but the day of the large stock ranch is about over on account of high priced land, and labor and diminishing range. The small irrigation farmer has not raised as much livestock as he should, and what he has raised has not been of the best quality. Stockmen are rapidly finding out that it costs no more to raise a 1,200 pound steer than a 600 pound scrub. The pure-bred bull at \$500 or \$1,000 seems cheap along side of the scrub bull, when the better bull's first twenty calves pay a handsome dividend on his purchase price. The same holds good with range sheep. Little undersized, runty merinos shear six or eight pounds of wool that will sell around 40 to 50 cents a pound. In another section of this state, where pure-bred Rambouillets are run on the range, the ewes sheared 10 to 12 pounds which is selling at around 55 cents to 60 cents. All of these factors are slowly but surely convincing the skeptics that better bred stock is not a matter of sentiment, but is simply good business.

Having insured the feed supply for some time to come as a result of the alfalfa campaign, the bank has taken up the improvement of livestock. The slogan of the campaign is "Better Bulls, Bucks and Boars Build Bigger Bank Balances." The agricultural department has assisted in the formation of a pure-bred livestock association and the bank has introduced bulls and bucks of the type needed for the improvement of our range stock. Pure-bred range bulls have been supplied to many stockmen. The bank brought in several carloads of livestock, principally registered sheep, dairy cattle and beef cattle. In this work the bank representative goes and selects the stock and buys it. It is then distributed at actual cost to farmers who have been selected to secure it. Close attention is then paid to the progress these people make with this high class live stock.

In many instances it is found desirable to form a breed association to promote the interests of the livestock industry. In one case, the bank through its agricultural department disposed of the entire calf crop which came from an earlier importation of Shorthorn cattle, at a price in excess of the cows themselves. This is service which ties the farmer to the bank with bonds that are not easily broken.

The boys and girls are not neglected in this bank's program, and a pig club similar to those carried on by many banks throughout the country was successfully completed last season.

Some of you may be inclined to ask as to how the farmers regard all of this work, and if they make full use of the department. This question might well be answered by stating that the average monthly calls on the county agricultural agent in this country are in the neighborhood of 250, while at the bank the agricultural department is visited by about 450 farmers per month. These were people who came to the desk to discuss farm problems and to ask for agricultural information, and were not simply the farmers who visited the bank in the course of their daily business. The farmers appreciate this service and it is frequently a stepping stone to becoming a regular patron of the bank.

Most banks in a livestock country handle considerable livestock paper. There is perhaps no other class of paper on which a bank can as safely build up a business both from the standpoint of deposits and loans, than that growing out of the financing of the livestock industry. In this business the agricultural department can be of great assistance in passing on the value of the security, inspecting the stock and assisting in locating range and feed. In some instances it is even advisable to locate the right kind of livestock and suggest correctly balanced rations, which will result in the greatest gains to the stockman and feeder. Cases also arise where assistance can well be rendered in marketing to the best advantage. During the livestock marketing season this bank posts daily telegraphic reports of the livestock market from

the leading stock yards of the United States.

The success of the livestock business in many localities depends on cheap feeding. The silo promises to furnish this cheap feed and to revolutionize stock feeding in many parts of the northwest. As one prominent banker said: "Silos are really the savings bank of the stockman." As a part of the agricultural program, the bank carries on a vigorous silo campaign hand in hand with the agricultural college and the county agent. The bank supplied sunflower seeds at actual cost; furnished the funds for the erection of silos; and also financed the purchase of forms for concrete silos which were far too expensive for the individual farmer to own. One of the bank's experimental plots last year yielded twenty-two tons of sunflower silage per acre. This farm had the only silo in the entire community. This year, as a result of this demonstration, some fifteen concrete silos may be constructed in this locality.

Working in close conjunction with the livestock work comes the work of livestock sanitation, and the prevention of livestock diseases. On some western ranges some three per cent. to five per cent. of the cattle die annually from black leg. Vaccine reduced this loss to less than one-tenth of one per cent. The bank keeps a supply of free vaccine and hypodermic syringes on hand for the use of stockmen and during the past year over 2,000 cattle have been vaccinated with bank vaccine.

Bankers for a long time have felt the need of an agricultural credit statement in connection with farm loans. Such a statement will take much of the risk out of the average agricultural loan, and when a bank grows to such a size that many of its farmer patrons are personally unknown to the officers, such a statement becomes a necessity. Out of a survey of 13,000 country banks, only 2,300 were found who required such statements. Farmers are some times slow in paying their debts because as a rule they are not trained in the business methods which require a prompt liquidation of loans at maturity. The keeping of farm accounts and cost

accounting will gradually correct this difficulty. This is a proper field of work for the bank's agricultural department. This bank induced 296 farmers to keep accounts during 1920, and in cooperation with the local farm bureau, selected some forty in the county to keep cost of production records on the various farming operations. The value of this work will be far reaching.

The agricultural department should also take a complete survey of the farms of the community, and at least the farms of all customers. This is a long-time job, and one that will go on as long as the bank continues in existence, for every effort should be made to keep the work as nearly up to date as possible. This survey when properly taken, shows at a glance the status of the farm in question, together with the recommendations of the agricultural department. It shows farming practices that need modification or correction and suggests remedies. When filed in the credit file, it is an invaluable aid in the intelligent extension of credit. The bank is just starting this work and has evolved a survey blank which serves the purpose after a fashion. Continued use shows modifications advisable from time to time which will eventually result in just the form required.

Other projects that are of benefit are

the maintenance of an up-to-date for sale and exchange file, which puts the buyer and seller of livestock and farm produce in touch with each other, the financing of the purchase of fertilizers, the publication of a monthly news letter containing agricultural news, market reports and free exchange section, and the promotion of boys' and girls' club work.

The bank secured the cooperation of the other banks of the county last year in putting on the first banker-farmer mixer in this state. A banker-farmer picnic was held and some 1,200 farmers discussed mutual problems with their bankers, as well as spending an enjoyable day. Prominent speakers were secured from the metropolis and from the agricultural college, who addressed the crowd. This mingling and mixing of farmers and bankers was so well received that on the motion of the farmers present, it was made an annual affair.

All this may seem quite a departure from the classic enumeration of banking functions as discount, deposit and issue, but it will pay just as big returns in the future. The product of our farms is new wealth, reproducing itself from year to year, which flowing into the arteries of trade, stimulates business and promotes prosperity.



TO be honest, to be kind—to earn a little and spend a little less; to make, upon the whole, a family happier for his presence, to renounce, when that shall be necessary, and not be embittered, to keep a few friends, but these without capitulation—above all, on the same grim condition—to keep friends with himself—here is a task for all that a man has of fortitude and delicacy!

Robert Louis Stevenson.

How to Conduct an Employees' Savings Contest

By William J. Kelly

Manager Department of New Business, Chicago Trust Company

SAVINGS contests are winners—winners of new business—winners of strengthened morale among employees—winners of stimulated interest among bank customers.

Easily conducted, inexpensively operated, they offer to a bank "on its toes" a surprising power to add much profitable new business annually.

HOW TO PUT A CONTEST OVER

An effective organization plan is necessary of course. It need not be an elaborate plan—in most cases it might better be extremely simple. Hotel dinners or luncheons or both (incorporated frequently in campaign plans) are helpful perhaps in special cases but entirely unnecessary to the success of the average program.

What are the fundamentals of a successful campaign! Briefly, here they are:

I. A Live, Interested Directing Committee

This committee, consisting we shall say of five members, is the directing force of the campaign. It appoints leaders of contestant groups, it arbitrates disputes, it decides policy, it enforces the rules and regulations, and in other ways administrates the activities of the contest.

II. Contestants

All employees—excepting officers and occasionally department heads—are eligible to take part in the contest. It is preferable to divide the contestants into teams to which are assigned captains selected by the directing committee. Experience proves that usually the results of a team rank approximately as high as the leadership of a captain, therefore extreme care in the selection of leaders is wise.

III. Publicity and Literature

This is an extremely important feature—both from the viewpoint of maintaining and stimulating the interest of the contestants and attracting the attention of the customers passing through the bank (and securing their active interest, if the rules permit, of their participation). The usual variety of advertising ideas may be used in this direction among which will frequently be found the following:

(a) Scoreboards kept up-to-date and placed in conspicuous parts of the bank showing both individual teams and total contest records. As indicated above they do the necessary work to create the customer's interest in an activity of the bank that stamps it a live and progressive institution and they are equally helpful while keeping constantly before each contestant his team standing, to instill in him a desire to better both his individual and team "average".

(b) Daily letter: The bank that issues a daily family letter will find it particularly valuable in maintaining the proper contest spirit of interest and good-natured rivalry. If such a paper is not regularly used by a bank one specially compiled for daily or weekly appearance during a contest will prove worth while.

IV. Follow Up

To revive a slumping team and also in order to keep the leaders fighting to hold their positions of prominence the directing committee should make sure that the follow-up work of re-enthusiasing contestants through meetings and personal talks, is pushed vigorously. Separate meetings of teams should be held frequently—not less than once each week. At these

meetings "pep" talks should be made by an officer of the bank or a member of the directing committee and also by team members. Upon these meetings depends the enthusiasm that will put the contest across and they are therefore an important part of the construction of a successful campaign.

V. Rules and Regulations

VI. Prizes

Rules and regulations, prizes and the methods of prize distribution vary considerably. Here there is danger of both "underdoing" and "overdoing". The space for discussion of these points might better be left to printing a set of rules which have been successfully used.

Following are the rules used by the Chicago Trust Company in its fifth annual savings contest (November 15, 1920 to January 15, 1921), a list of prizes offered and the method of distribution:

REGULATIONS

In order that employees not coming in contact with the public may have an even chance with those in tellers' positions, no soliciting of any kind will be permitted inside the bank.

To obtain credit for business secured, it will be necessary for employees to either personally or by card introduce the customer to those in charge of opening new accounts in the savings department.

Accounts cannot be opened by employees for others without having the deposit ticket approved by the manager of the savings department.

No employee will be allowed to give his credits to another contestant.

All accounts must be on the books of the bank thirty days after contest closes for the contestant to obtain credit. Therefore the winners of the prizes will receive their money February 15, 1921.

The bank reserves the right to terminate the contest before January 15 if in the judgment of the management the contest is not receiving proper support from the employees. In that event no cash prizes will be given but each employee will receive commissions due him at the end of six months.

How to qualify. It is understood that at least 600 points must be secured to qualify for the first, second or third prizes and 350 points for the fourth, fifth or sixth prizes.

600 POINTS TO QUALIFY

\$50—1st prize; given for largest no. points
30—2nd " " " 2nd " " "
20—2nd " " " 3rd " " "

350 POINTS TO QUALIFY

\$15—4th prize; given for 4th largest no. pts.
10—5th " " " 5th " " "
5—5th " " " 6th " " "

SPECIAL PRIZES

1. *Fifty Accounts to Qualify.* A special prize of \$25.00 in cash will be paid to the contestant securing the largest number of accounts.

2. *Weekly Special Prize.* A cash bonus will be distributed each week to the team leading in number of points. Such bonus will amount to one dollar per individual on the winning team and will be divided pro rata by the captain among the team members who secured accounts during the week. (To qualify for this prize a team must secure not less than fifty accounts or total less than 600 points.)

Commission. In addition to the above prizes a commission of one dollar will be paid on every new savings account secured by contestants during the contest period which, six months after date of opening, amounts to five dollars or more. Employees leaving the service of the bank, voluntarily or otherwise, before the six months have expired will forfeit their commissions.

No contestant will be awarded more than one prize.

NUMBER OF POINTS ALLOWED

For new savings accounts of

\$5,000 and up	300
2,500 — 4,099 inclusive	220
1,000 — 2,499	165
500 — 999	120
250 — 499	85
100 — 249	65
25 — 99	45
5 — 24	30
1 — 4	10

An executive committee consisting of a vice-president, cashier and manager of the savings department will be in direct charge of the contest and all disputes, matters of policy, etc., will be settled by it.

A SUCCESSFUL CONTEST

Our last contest in its keen interest spirited competition and results secured was by far the most successful of those we have conducted. One hundred and seven employees, representing eighty-five per cent. of those eligible to participate, secured 2,145 new savings accounts with initial deposits of approxi-

mately \$51,000. One of the features of this campaign was "Teter Day" when each contestant was asked to report at least one new savings account in honor of the president of our bank—Lucius Teter. One hundred and eighty-four accounts resulted with initial deposits totaling \$8,645.

TO A BEGINNER

A bank should not expect too much from its first contest—the initial contest of the Chicago Trust Company produced only 291 savings accounts but it "sold" the contest idea to the employees and continued to impress and interest them so that now each contest is looked forward to eagerly.

There are many ideas not difficult to work out that assist in making a contest

go; feature days, similar to "Teter Day," not only accomplish their primary purpose but aid materially in "pepperizing" a campaign; assigning an officer as adviser and sort of "father" to each team at the latter part of our contest proved of real value in encouraging and reviving the "pep" of one or two groups that were slumping a bit.

Should mixed teams of men and women be used or would a more spirited rivalry and better returns result if they operated separately (as in our own case)? Should department compete with department or should team members be selected indiscriminately and many other miscellaneous questions that will arise are problems that can best be considered from a local viewpoint.

Employees' savings contests are winners—try one.



Deposit Boxes and the Public

By Lester G. Herbert

STRANGE as it may seem, a great many people do not know that a deposit box may be rented for a modest sum of money at a local bank, and that their valuables are about as safe here as is humanly possible.

In earlier days a great many well-to-do families had house safes which occupied some convenient location in the home, and which took up rather more space than a large sized phonograph of the cabinet style. In this safe valuable papers and sometimes jewelry and silver were kept, but few homes nowadays have such safes.

In the first place, it was found that even these articles produced by the best manufacturers were not burglar-proof, and were only a protection against amateur thieves and fire. Then too, people who rented, found these safes much too clumsy to move about, and the small house and modern apartment offers no room for them under present-day conditions. In addition to these facts, the price of such a safe has

about multiplied by three or four, and few people want to make this investment.

A deposit box offers well-known advantages over the home safe as to both security and privacy, and many people would take advantage of this convenience if they knew more about it, and how easily available the service is for them.

In speaking of deposit box facilities a prominent citizen recently made this remark:

"I have never used one because I can't remember what is in my desk and home safe even now, and if I had a deposit box I should be all jazzed up. Yet I am somewhat worried for I have about \$10,000 worth of unregistered Liberty bonds. I do not feel safe to keep these at home, and while my bank has them for safekeeping, yet it is an accommodation, and I was obliged to sign a release that in case of robbery or loss, that I would not hold the bank responsible."

This remark set the banker with whom the conversation was held, thinking, and this was what he did. He had some small blank books made up and suitably labeled on the outside with the name of the bank, a place for the depositor's name, and the number of the box. The blank pages inside were arranged for a list of the contents of each box with a place for remarks and dates.

In short, if Mr. Brown goes into this bank and rents a deposit box he is presented at the time with a book, and advised to make a list of the contents of what he has put in there, and if at any time he takes anything out or puts anything else in, he makes a note of this matter with the date.

This book is small and can easily be kept in his pocket, or his business or home desk. Then it is but a simple matter to refer to what he has in the box if his memory is not sufficient.

There is a page of suggestions in the first of the little book which offers practical hints. It is urged that insurance papers shall be listed as to amount, date of expiration, and any other significant details, and that a simple code may be used by the depositor in describing in this book what he has on deposit if he

wishes, and if he fears that this book may fall into other hands. But a straight listing in plain language is considered desirable, and then this little list book may be kept at home or business under lock or key.

Many people are now leaving home more frequently than before the days of automobiles. Week-end trips are taken and trips here and there. The house is either locked up or left with servants, and in either case there are fire or theft hazards.

Many people are now taking their valuable jewelry and silver, and putting them in deposit during the motoring season, so as to relieve their minds as to the safety of prized articles.

A series of short advertisements setting forth the advantages of deposit boxes will reach a great many people who are likely to think that deposit boxes are only for the use of the very wealthy, forgetting that those with a few valuables are the ones who can least afford to lose them.

One advantage in reaching out and securing deposit box customers is that these people beat a path to the banker's door, and in time are likely to become substantial business assets.



Business Revival

THE September number of *The Annals of the American Academy of Political and Social Science* is devoted to a consideration of the revival of American business. Here are a few factors in the situation as seen by some of the writers:

The government is responsible for the railroad situation and should make restitution.

There is over production of automobiles.

Peak prices are holding back building.

Business depression is bringing lower interest rates and an accumulation of capital.

Labor costs will be reduced by in-

creasing efficiency in production rather than by merely reducing wage rates.

Amendment of the Federal Reserve Act to meet passing exigencies and its political manipulation will not improve the credit situation.

Business revival will come from activity at home and not through the artificial stimulation of foreign trade.

The Middle West is the economic backbone of the country.

Cotton planters will follow, not lead the way, to business revival.

Responsibility for business revival rests chiefly with the business manager who must reduce production costs.

Optimistic newspaper headlines bespeak a hope, not always borne out by the facts.

The Bank Credit Investigator*

By Russell F. Prudden

(This is the last of the series of articles by Mr. Prudden covering this important subject).

THE manner in which the credit standing of a concern is generally investigated in note brokerage and banking circles was discussed in last month's article. Attention was directed to the rise and development of commercial paper houses as well as to the growth of the present open account system by which merchandise is sold either on net terms or subject to a certain cash discount for early payment. Assuming, therefore, that a credit investigation is being made and that the broker offering the paper and the banks having the account have been interviewed, the last step as far as the outside investigation goes, is to call upon several trade houses with which the concern may be doing business, as well as possibly upon one or two competitors. In order to save time and unnecessary calls, when revising one of the bank's own accounts, the investigator can often find out quite easily the names of the parties then selling the concern, by glancing over any cancelled checks, or so-called vouchers, which may be on file. In so doing, however, he should be careful not to list the names of any parties which may be affiliated or associated in any way or those to whom payments have evidently been made for small expenses or labor. Where the concern under investigation is not one of the bank's own accounts and is perhaps being looked up for the benefit of a customer or bank correspondent, the broker or banks having the account will often be able to furnish the investigator with trade references. In case they do not, however, it is usually a simple matter to locate several houses from which purchases are made. For example, were a grocery name being investigated, it would be safe to assume that purchases would include sugar, baking powder, breakfast cereals, teas and coffee, and some of the prominent houses in these lines would no doubt have dealings. In fact, where the investigator knows the

type and nature of business in which a concern is engaged, he can without much difficulty get some trade information either by letter or personal call.

Investigators for various banks either because of instruction or by choice employ different methods in making trade investigations. Some devote their time to checking concerns engaged in one line of business, such as grocery houses or textile plants, and when calling on the trade make inquiry upon several names, thus completing a number of revisions or original investigations by making but comparatively few calls. In this connection, however, some mercantile credit men feel that it is an imposition for a credit investigator to submit a long list of names, or they are possibly too busy to give the full amount of data desired on each. Consequently, the investigator may obtain rather prefunctory checkings when carrying too many names. After spending a few months in one line of business such men are assigned to another line and should learn the essential factors regarding each trade quite thoroughly. Other men, however, go into all lines of business, taking but one or two names at a time and usually completing these investigations before attempting others. This method is believed to be more instructive and interesting for the investigator, but as each system has its advantages, no attempt will be made to state which is the better. In any event, the investigator should take an interest in his work and endeavor to obtain some close personal information instead of trying to break his record for the number of calls made or the number of investigations finished.

Partners, officers and sales managers of trade houses are in many cases in very close touch with concerns they are selling and are thus in an excellent position to impart valuable information, especially concerning the personnel. If

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the investigator is merely satisfied to learn ledger account experience and makes no effort to go further he is not much of an asset to his bank.

In making a trade investigation it is sometimes desirable, where possible, to talk over conditions in the line with the credit man for a few minutes. A better acquaintance is thus formed and when the investigator returns to the name in question, he will find that the credit man will talk more freely and information of greater value will be received. This is especially true in the dry goods trade where it is often customary for credit office assistants merely to dispense data as to the amount of goods sold, terms and methods of payment. Fifty or more such references are not of much value and it is far better to make a few more lengthy calls upon experienced credit men. Several of such inquiries will often suffice to establish the true position of the concern in the trade, whereas it is possible that a large number of indiscriminate calls may hurt the standing of the company. Credit men in different lines often meet and discuss certain problems or doubtful risks and sometimes when they find that a bank is making a very large number of inquiries about a concern may assume that something is wrong and that the bank is considering curtailing its credit.

In calling upon a few trade houses, therefore, the investigator should try to get in touch with the men who are thoroughly acquainted with the subject and learn from them everything possible regarding the business. The obtaining of a satisfactory interview, however, depends very largely upon the personality of the investigator and his manner of approach, as well as possibly his knowledge of credit fundamentals. When he first begins to make calls he is received as a representative of his bank, and as such is generally given a certain amount of information, often of a more or less routine character. Later he becomes known and the information given him depends largely upon his merits. If he appears incompetent, tactless and asks questions in a routine way, he probably will not be very successful. The quali-

fied investigator will be as well versed in his subject as possible before leaving the bank, as concise in his questions as necessary and alert and observing. While it is not always practicable for him to give out information as to his bank's experience with the account, yet when the occasion seems to require it, and the same is not confidential, there is no harm in his saying a word or two. An investigator can not always obtain a great deal without giving something, but he must not, however, circulate rumors and spread gossip or give the impression that he has little regard for confidential information imparted by others. In this connection, it is well to remember that a concern's credit standing is often the result of the life time effort of certain individuals, and that a garbled report on the part of an investigator might work serious harm. An investigator must therefore always play fair and never allow a personal prejudice to warp his judgment.

As mentioned in last month's article, many investigators are nowadays able to write shorthand. This is a very valuable asset and makes it possible to set down more complete and accurate information as well as to save time. As a general rule, however, experienced investigators do not write while calling upon a banker or business man. Many men, in fact, seriously object to being taken down word for word and in such instances limit their answers or speak very reservedly. Not only is this true, but if the investigator is frantically trying to copy down every word, he is perhaps losing the vital part of the opinion being expressed, and often finds himself far behind the speaker in mind and notes. When interviewing a credit man with whom one is well acquainted or when a number of figures are being given, it is sometimes permissible to make notes. With a little practice it becomes fairly easy to remember everything that has been said during an interview and to immediately afterwards make some essential notes. If the investigator will concentrate upon the main points he will find it comparatively easy to recall the entire interview, when writing up his report.

TRADE TERMS AND DISCOUNTS

Under the present system of open book accounts by which goods are sold on net terms or subject to a cash discount for payment within a certain period, many kinds of trade terms have arisen and various discounts are offered. As houses in the same line of business often sell on different terms and as there are various terms on similar kinds of goods, it is practically impossible for the beginner, or in fact the more experienced man, to be familiar with all of them. However, this is not necessary so long as the investigator has a general knowledge of their use and meaning. The following terms are in general use in many localities but are of course subject to modification and constant change. They are only set forth with the idea of presenting to the reader some idea of the intricacy of credit investigating in trade circles and the necessity of having a broad knowledge of all kinds of business and industry.

Before mentioning these terms it may be of interest to explain briefly several of the more common ones. In the case of 2-10-30 or 30-2-10, for example, spoken of as two per cent. in ten days—thirty days net, the discount would be allowed if payment were made within ten days from date of bill. Should the bill be paid after the tenth day but before the thirtieth day, payment would generally be considered prompt or inside, on the thirtieth day as prompt and thereafter it would be slow. Where bills are dated ahead such as on sixty-days' dating terms, written 2-10-60 and referred to as seventy days especially in the wholesale dry goods business, payment would be anticipated if made before the seventieth day, and not only the two per cent. discount would be deducted but interest on a six per cent. per annum basis would be allowed for the unexpired time on the net amount. In this particular case payment up to the seventieth day would be considered as anticipated or inside, on the seventieth day as prompt or discounted, and thereafter payment would be slow.

Where goods are sold on terms of

6-10-60, that is on a seventy-day basis, for example, or on longer terms, the purchaser is sometimes given the preference of choosing shorter terms and thus receiving a larger discount. Such payments are usually due on the tenth of the following month and are merely referred to as 10 e. o. m., own option, and the discount allowed would probably be seven per cent.

The term—S-D—B-L, means that a sight draft drawn on the consignee is attached to the Bill of Lading at time of shipment and payment of draft must be made before the goods can be received.

Seasons' dating terms usually apply to advance business for the spring and fall trade. As an example, if fall goods were sold early in the year delivery would probably be made in June or July and bill would no doubt be dated October first, maturing on the tenth. A regular cash discount would be deducted from face of bill if paid when due and interest would also be deducted if payment were anticipated. In some cases if payment ran overtime, the discount would be deducted and interest added for the extra period.

No set rule can be given for the establishment or figuring of discounts and in fact none is necessary. The following list is merely given so that the investigator may be somewhat familiar with some of the trade terms he may encounter in the course of his investigating career, and when analyzing a concern's statement may know whether receivables as compared with yearly sales, taking into consideration terms of payment, would indicate prompt or slow collections. The investigator should bear in mind, however, that many lines of business are highly seasonal and receivables outstanding at one period of the year may be considerably higher than a few months earlier or later.

Automobiles—to distributor—cash S-D B-L attached.

Automobile accessories—manufacturers' terms—2-10-30 net.

Bakers' supplies—one per cent.—thirty days.

- Boxes, wooden*—1 or 2-10-30 net.
- Cigars*—2-10 to 4 months net.
- Cigarettes*—2-10 and occasionally sixty days net.
- Clothing, men's*—7-10-60 days' dating to 4 months net. Also 7-10 seasons' dating or thirty days net.
- Coal and coke*—S-D—B-L to thirty or sixty days net, f.o.b. mines or delivered.
- Coffee*—roasted to jobbers—2-10-60 net. Roasted—wholesaler to retailer—1 or 2-10-30 net.
- Collars*—2-10-30 net.
- Confectionery*—to wholesaler and retailer—2-10-30 or 60 net.
- Cotton, raw*—cash—S-D—B-L.
- Drugs*—1-10-30 net.
- Dyes*—1 or 2-10-30 net.
- Electrical products*—2 to 5-10 or 30 to 60 net.
- Export terms*—ten days net from date of invoice or cash against documents.
- Feathers*—to flower and feather manufacturers—ten per cent.—10 e.o.m.
- Flour*—terms vary according to size of shipment, distance, locality, grade, etc. Carload shipments often made against arrival draft with B-L attached.
- Fruits and vegetables, canned*—by packer $1\frac{1}{2}$ to 2-10-30 or 60 net.
- Furniture, wholesale*—2-10-30 or 60 net. Sometimes 4-10-60 days' dating.
- Fish, canned*—to wholesaler— $1\frac{1}{2}$ -10-30 net.
- Glass, cut*—2-10-30 net.
- Grain*—cash—S-D—B-L, elevator receipts, trust receipts.
- Groceries*—wholesaler to retailer— $\frac{1}{2}$ to 1-10-30 or 60 net.
- Handkerchiefs*—7-10-60 days' dating.
- Hardware*—2-10-30 or 60 net.
- Hides and skins*—S-D—B-L.
- Hosiery*—1-10-60 days' dating.
- Iron, pig*—thirty days net from date of invoice.
- Iron, rolled products*— $\frac{1}{2}$ -10-30 net.
- Jewelry*—5-30 or four months net.
- Laces*—7-10-60 days' dating.
- Lead, to paint manufacturers*—2-15-60 net.
- Leather, to shoe manufacturers*—1-10-30 net, also five per cent.-ten or four per cent. thirty days.
- Leather, strap, bag and harness*—two per cent.-ten, two per cent.-thirty, sixty days net.
- Linseed, to paint manufacturers*—1-10-30 net.
- Lumber*—S-D—B-L to thirty days or Timber Lien notes.
- Meat packing, fresh meat*—usually sold on weekly basis to retailer, cured meats—net thirty day terms, canned meats and lard— $\frac{1}{2}$ to 1-10-30, carload shipments—S-D—B-L attached.
- Machinery, large*—special contract terms.
- Mill supplies and machinery*—2-10-30 or 60 net.
- Milk, condensed and evaporated* to wholesalers—2-10-30 net.
- Musical instruments*—2-10-30 net.
- Pipes, tubing, valves and fittings*—2-10-30 or 60 net.
- Preserves, sauces, pork and beans, etc.*— $1\frac{1}{2}$ to 2-10-30 net.
- Paper, wholesale*—2 or 3-30 days, bills payable fifteenth following month.
- Roofing products*—2-10-30 net.
- Rubber, jobber to manufacturer*—10 to 15 days net, held close to terms—a near cash basis.
- Shoes*—1 or 2-10-30 net, also five per cent.-ten in the case of jobbers.
- Saddlery*—2-10-30 net.
- Soap*—2-10-30 net.
- Soups*—canned— $1\frac{1}{2}$ to 2-10-30 net.
- Steel*— $\frac{1}{2}$ -10-30 net.
- Silverware*—two per cent.-thirty, net four months, or 2-10-30 net.
- Shirts, men's*—2 to 6-10-60 days' dating, or 2-10-30 net.
- Silk, raw*—European—60 days; Japanese—four months—mostly trade acceptances.
- Spices*—to wholesaler—1 or 2-10-30 net.
- Sugar, refined*—to wholesalers and manufacturers—two per cent. for payment within seven days after arrival of shipment.
- Tea*—importer to jobber—3-10-4 months net. Wholesaler to retailer—3 or 5-10 or 30 days, or 60 days to four months net.

Textiles, cotton cloth—2-10-60 days' dating.—Cotton cloth—gray goods (i. e. unfinished)—ten days net. Woolen dress goods—30 days net, e. o. m. Silk goods—6-10-60 days' dating, or seven per cent. payable ten days e. o. m., purchaser's own option. Silk goods—gray—ten days net, or 10 e. o. m. Ribbons—usually 6-10-60 days' dating.

Tires—manufacturers' terms—five per cent. 10 e. o. m. thereafter net.

Twine and cordage, wholesale—2-10-30 net.

Underwear—1 or 2-10-60 days' dating or thirty days net.

Wire products—2-10-60 net.

Yarns—two or three per cent. or net 10 e. o. m.

The foregoing terms are in quite general use yet are subject to change at all times. There is no rule as to what discounts a concern can ask or give. During the recent period of expansion there was a general tendency to lower discount rates and shorten the time for payment. This was the result of a sellers' market and the scarcity of merchandise. Now that it is more difficult to sell goods it is more common to offer additional inducements to purchase in the form of higher discounts and longer terms. While it is essential to know on what terms goods are being sold or purchased when checking a name, it is especially important when it is found that payments for merchandise are running slow. For example, on ten day terms a payment made a few days overtime is not so serious a matter as when four months' terms have been extended and no check is forthcoming at the end of that period. On the other hand, during the period of high interest rates a concern could hardly be criticized for not anticipating its bills on a six per cent. basis when money could not be had except at a higher rate.

THE TRADE INVESTIGATION

In making an investigation in trade circles the investigator will of course ask the credit man or be informed without questioning, as to the age of the account, highest credit extended, average

monthly or yearly sales, method of payment and terms of sale. If the account has been on the books for several seasons the information offered will be of more value than should the account be a new one. Mention of the highest credit extended is somewhat of an indication of the credit man's opinion of the risk, and knowledge of the method of payment is likewise an indication of the desirability of the account. Where a concern is chronically slow in meeting its obligations it is quite evident that it lacks sufficient working capital and is not properly managed. On the other hand, when a house of several years' growth is an active purchaser in the trade, and has a record of anticipating or meeting all bills promptly, the probability is that its finances are in sound condition.

After receiving this so-called ledger experience it is well to ask the credit man as to his general opinion of the subject as to management and financial responsibility. Such an opinion to be much value, must however be backed up by an actual acquaintance with the personnel and a definite knowledge of the concern's position both physical and financial. The investigator should therefore try to get in touch with someone, during the course of his investigation, having a personal knowledge of the character and ability of the management, the location and equipment of the plant, source of raw material, labor conditions, growth of the business and possibilities for future success. It is also well for the investigator to inquire into the conditions of the trade at the time and learn of any factors which might affect its general prosperity. As an example, business in the lace trade is somewhat at a standstill just now as far as the placing of future orders is concerned, due to the fact that most of the goods are imported and inasmuch as the tariff on this class of merchandise has not yet been fixed, prices are being quoted subject to change, and buyers are holding off until definite quotations can be submitted. Should the delay in fixing the rate be of some months' duration business in this line might be seriously affected.

Another matter of importance is to obtain some knowledge as to the finished product. The investigator should endeavor to learn something as to its quality, where sold and if there is a steady demand. If the product is a luxury subject to change in style and has a fluctuating demand the prospects for success might not be alluring. It is also well to learn if the demand for the product is subject to conditions in any other line. For example, prosperity in the tire business is more or less dependent upon conditions in the automobile industry, for when few motor vehicles are being sold the demand for tires is much less.

The recent period of falling prices has also made it necessary for the investigator to inquire as to whether the subject concern is in the habit of cancelling orders without due cause or returning goods when prices are falling upon pretext that certain defects have been noted. Such practices, which are to be condemned most strongly and indicate a questionable moral risk, have resulted in the filing of numerous suits which are, of course, a matter of public record and should not be overlooked. In this connection, it is well to inquire as to whether the subject has made large commitments for future delivery of raw material and is liable to be adversely affected should there be a drop in the market price. Commitments for unduly large amounts of merchandise at high prices have been the cause of many failures or creditors' committees and the possibility for loss in this direction on a falling market is enormous.

As was found to be true in the case of an interview with a banker or broker, no definite set of questions or line of thought can be suggested which would be applicable to all interviews in trade circles. In other words, the retail risk can not be judged in the same light as the wholesale risk and questions which would be apropos when investigating a commission house would not be of relative importance when looking up a manufacturing concern.

Before completing an outside investigation it is sometimes well to call upon one or two competitors to learn what

opinion they have of the subject. Such a competitor, if he can be induced to talk, will often give the investigator valuable information as to conditions in the business, future prospects, and probable demand for his own and his competitor's goods. In certain lines competitors are well acquainted with each other and on very friendly terms and this source of information should not be overlooked, although it is always well for the investigator to consult his superior before going too far in this direction. Interviews with competitors should be treated in strict confidence and one should not create a false impression as to the reason for calling.

THE USE OF TRADE ACCEPTANCES

Having described the open account method of doing business, in some detail, it may be of interest to discuss the trade acceptance system of payment which has come into limited use during the past few years, and has been designed to supersede the open book account in virtually all cases wherein business is not done on a strictly cash basis, or very short terms.

A trade acceptance has been defined as "a time draft or bill of exchange drawn by the seller of merchandise on the buyer for the purchase price of the goods, and bearing on its face the signed acceptance of the buyer, with date and place of payment." By obtaining such an acceptance, instead of selling on open account, the seller has an instrument, representing on its face a particular sale of goods, and an absolute acknowledgment of the correctness of the seller's claim as well as a definite promise to pay on a certain day.

Before enumerating more completely the advantages of the trade acceptance system, what is more objectionable in the open book account system should be noted. Briefly stated, while open book accounts are usually payable on a definite date, they may be disputed and reductions demanded; the buyer with cash gets a discount while the buyer who must take full time is placed at a disadvantage; large bank borrowings are necessitated to discount bills. Also, a banker when analyzing the statement of

a borrower for the purpose of extending credit regards the item of Accounts Receivable as subject to considerable depreciation, and largely for that reason demands a substantial excess of quick assets over current liabilities. All of these circumstances work to the disadvantage of the buyer of merchandise.

A trade acceptance, as we have learned is a written acknowledgment of a current business debt, payment of which is not due. With this written acknowledgment in mind the buyer develops a habit of careful buying. In order to meet payment he gives strict attention to his own collections which are therefore stimulated.

By adopting the trade acceptance method, the seller converts a non-liquid book account into a self-liquidating negotiable instrument of definite maturity and amount. He thus lessens the cost of collections and reduces disputes and bad practices. The seller's borrowing position at his bank is also much improved, and his general credit position is stronger. When acceptances are discounted at the bank, two name paper is thus received and is more acceptable than the single name note of the borrower. In fact, the legitimate acceptance of the successful dealer, discounted by the seller at his bank, is considered a most liquid kind of paper, and in certain cases has commanded a lower rate than other paper when rediscounted at Federal Reserve banks.

Certain abuses have of course crept into the trade acceptance system and the practice of giving them to close over due accounts is not looked upon with favor, such action creating nothing more than accommodation paper. The practice of not paying an acceptance when due is also most undesirable, for in case it has been discounted by the seller at his bank the unpaid item is charged back to him possibly occasioning much inconvenience. Likewise, acceptances should not be drawn where no real transaction has taken place. In this connection, instances have come to attention where two concerns have shipped goods back and forth to one another, each drawing trade acceptances, which were discounted at the banks but

not paid when due and extensions requested.

While the use of acceptances is believed to be growing they are of course not applicable to all lines of business. and prevailing conditions in most trades have grown up through years of practice and custom, and only time and education will work out a system satisfactory to all. A great deal more could be said along this line but many valuable books and articles have been written on the subject, and the American Acceptance Council at 111 Broadway, New York City, has prepared extensive literature for distribution to those interested.

SUMMARIZING THE INVESTIGATION

Assuming that the name under review has been investigated in bank, brokerage and trade circles, and that statements, operating details, agency reports and other data have been thoroughly analyzed, the next and perhaps final step, as far as the investigator is concerned, is the preparation of a brief summary. Some banks do not require this, preferring only that the information which has been received and written up be turned over to a credit officer who will pass upon the risk. Other banks, on the contrary, have recognized the advisability and value of a thorough review by the man having collected the data, who, with the exception of not having a personal acquaintanceship with the parties at interest, is in particularly close touch with the situation. In the case of a large bank having possibly thousands of borrowing accounts, the credit officers do not have time or opportunity sometimes to study into a risk in every detail, and by having the investigator summarize his work, bringing out clearly every point of importance, the entire situation can be more quickly grasped and analyzed by the official.

The summary is also of value where the name in question has merely been looked up as the result of a written or verbal inquiry of a client. In such a case either the investigator, a division head, the credit manager or an officer may wish to answer the inquiry, at the

time or at a later date, and by referring to a summary, can quickly grasp the situation or refresh his memory without reading through the entire folder.

As to the make-up of the summary, any form will be satisfactory although it is always desirable to segregate the favorable and unfavorable features, the latter being underlined often in red throughout the folder. The investigator should bring out points such as good bank balances, the discounting of trade bills, a reduction in liabilities or excessive inventories, an increased volume of business and high opinions of the management; or conversely, continuous and excessive borrowings, a poor trade record, a top-heavy statement and an unfavorable moral risk. It is also desirable to briefly set forth either before or below the foregoing, the trade experience, noting the number of active accounts located, the terms of purchase, amount of credit extended and method of payment. Also, where the concern uses several banks it is well to plainly set forth after the name of each bank, figures or words indicating balances carried, line granted, amount owing and whether accommodation is granted on straight paper or on an endorsed or collateral basis.

Having included in the summary all items of importance, a rating such as good, fair or poor should be added. In drawing this final conclusion, it might be of help to the investigator to ask himself this question: "Would I be willing to lend my own money to this concern?" If the rating were to be *good* the answer would be in the affirmative: if *fair*, the risk would not be as desirable and no doubt collateral or a strong endorsement should be secured; and, in the case of *poor*, a loan would probably be undesirable under any consideration.

In order to make a summary and to form a worthwhile opinion, the investigator must have the ability to weigh facts, and unless he is properly trained he may be inclined to jump too quickly at conclusions. Some banks follow the method of having investigators merely gather information while more experienced men are given the work of sum-

marizing and writing letters in answer to inquiries. This may be an excellent plan while the investigator is studying the rudiments of the work, but after he has had sufficient experience it is more desirable that the whole job be turned over to him, subject to review by his superior. The man who has made an investigation can often add a personal touch or feeling to a letter which in most cases would be impossible for one to do who had made but a cursory reading of the collected information.

The letter which is written in answer to an inquiry should not, except in rare instances, mention the names of the banks or other concerns which have assisted in furnishing the data. Neither should it give information in such a pointed manner as to later reflect in a detrimental way on the bank writing the letter. Letters sometimes unfortunately get into the hands of others than to whom directed and should therefore be worded in a careful manner, yet in such a way that an idea of the true state of affairs is revealed. Good letter writing comes from experience and if the investigator never makes a summary, forms an opinion or writes a letter an essential part of his credit education is being neglected.

Thoroughness as to detail is an essential factor in writing a good credit letter and figures should not be quoted or statements made which are not absolutely correct. Also letters containing flowery phrases and omitting or concealing points of information having an important bearing on the risk are not of much value to the inquirer.

As a means of guidance to banks and persons engaged in credit work, the following rules or statement of credit department ethics have been prepared by the Robert Morris Associates and should be of interest and value to all investigators:

The first and cardinal principle in credit investigation is the sacredness of the replies.

Any betrayal of the confidence implied when credit information is given brands the offender unworthy of consideration or confidence.

Indiscriminate revision of files, when there is no real need of information, is unnecessary, wasteful and undesirable.

Every letter of inquiry should indicate in

some definite and conspicuous manner the object and scope of the inquiry.

When more than one inquiry on the same subject is sent simultaneously to banks in the same city, this fact should be plainly set forth in the inquiries.

If form letters are used in making inquiries, it is good practice to have them bear the manual signature of the inquirer to establish responsibility.

In seeking information, the name of the inquirer, in whose behalf the inquiry is made, should not be disclosed without permission.

The recipient of a credit inquiry who urges his correspondents to make plain the object and scope of their investigation, fails in his duty if he neglects to read carefully each special letter of inquiry and to answer frankly specific questions therein.

In answering inquiries, it is advisable to disclose all material facts bearing on the credit of the subject, because full understanding is always necessary and because all paper offered should be of the same description as that held by the borrower's own bank.

In answering inquiries the source of the information should not be disclosed without permission.

It is not permissible nor the part of good faith, in soliciting accounts from a competitor, to seek information from the competitor without frankly stating the object of the inquiry.

As a closing suggestion the investigator should not become too critical in his work but should remember that it is far harder to build up an organization and be constructive than to criticize. Manufacturing and commission houses would indeed do but a small business if their effort and time were mainly spent in criticizing the faults and weaknesses of prospective purchasers. The same is true of the banking business, and the credit man must therefore be ever ready to offer helpful suggestions, and in the capacity of a financial doctor, act for the benefit of his clients. Critical and analytical ability alone does not make a successful banker and the characteristics of sound judgment, imagination, loyalty, tact and courtesy must be ever

present. Such qualifications are found in the big bankers of today, and the following excerpts from the pen of a prominent New York bank president may be of interest to all young men who are engaged in bank work:

"So large a part of modern business is done on credit that a very useful study is that of credits and economics, as these are indispensable to the business man who aspires to fit himself for the highest positions in the business or financial world. Success or failure, it has been aptly said, depends upon how you select your risks. America has lagged behind Europe in building up credit information and credit systems. The importance of accurate, adequate credit information has been brought home to American business as the question of selling to foreign customers has come up on an unprecedented scale. Few American companies have in their possession enough information about prospective foreign customers to enable them to judge whether extensive credits can be safely extended. American financial institutions have now taken up this problem in earnest and, through co-operating with the many foreign connections now being established, are rapidly strengthening this weak link in our international commercial chain. The theory and principles of credit can be studied from books and from the courses which are conducted by institutions which now play a constructive part in improving the education of young men and older men who are anxious to rise in their business. Any man who can obtain opportunity to secure a period of practical training in a credit department should eagerly avail himself of it because he can there get an insight into what goes on behind the scenes; so to speak, which he could not get in any other department."



Lending on Character Plus—the Modus Operandi of the Morris Plan Banks

By T. D. MacGregor

Vice-President, Edwin Bird Wilson, Inc., New York

TURNING down applications for loans is all in the day's work for the average banker. A good many bankers have been working overtime at it lately. Most of them have always turned down the applications of small borrowers without collateral. How the needs of this large, and previously somewhat neglected class are being taken care of by the Morris Plan Banks in over a hundred cities in different parts of the country makes an interesting story.

These banks take their name from Arthur J. Morris, a young attorney, who founded the first one in Norfolk, Va., in April, 1910, basing it on these three fundamental principles:

1. That character, *plus* earning power, is a proper basis of credit.
2. That loans made on this basis of credit must carry the privilege of repayment over a period long enough to match the earning power of the borrower.
3. That money so borrowed should always be for some important and useful purpose.

The institution, dedicated to the proposition that all persons are entitled to credit for useful purposes on the basis of character and earning power, was a success from the start. Workmen, clerks, small tradesmen, professional persons all flocked to the bank when they heard that "character, plus earning power" was the open sesame for loans, and it was not long before the idea began to spread to other cities.

A STRICTLY BUSINESS PROPOSITION

In each case, these banks or companies are under the direction of leading bankers and business men of the community, in which they are located, sub-

ject to the supervision of the banking authorities of the state. It is a strictly business proposition, not a charity, though it helps ambitious persons to help themselves. Through the Morris Plan, necessary personal, home and business improvements are made immediately available to many persons who could not finance their propositions otherwise. They are enabled to borrow and to repay the loan by laying aside systematically a part of their weekly or monthly income. The plan makes it possible for such persons to do *now* what they would like to do but perhaps could not accomplish for a year hence by ordinary methods of accumulating money.

LOANS FOR USEFUL PURPOSES

Among the reasons for borrowing considered legitimate by Morris Plan bankers are the following:

- Painting or redecorating a home.
- Installing a new furnace, adding a bathroom.
- Putting in electric wiring.
- Paying off sundry pressing debts at one time.
- Meeting life insurance premiums.

As already stated, the Morris Plan Banks or Companies are financial institutions which operate under the supervision of the banking departments of the various states. They are authorized to make loans of from \$50 to \$5,000 at a fair rate of interest. It is said that they have loaned to more than a million borrowers in the past ten years. It is estimated that they loaned over \$70,000,000 last year. More than 210,000 individual loans have been made on the Morris Plan in New York city, the total amount exceeding \$85,000,000.

The method in connection with a loan, is, briefly, as follows:

When the loan is made, a discount of

six per cent. per annum is taken off at once, so that if the loan asked for was \$300, the amount of cash the borrower would receive would be \$282. He would also have to pay a slight service charge to cover the cost of investigation.

THE AVERAGE MAN DEPENDABLE

Morris Plan bankers have demonstrated again and again in many thousands of cases that the character of the

stallment payments. Here is the way it works out:

Suppose a young man wants to buy \$125 worth of furniture. He has only about \$30 with which to make a cash payment, but he has a regular income sufficient to enable him to pay \$10 monthly.

The merchant makes him this proposition:

"You pay us \$25 cash on deposit now.

"Pay to the Morris Plan bank \$10 a month for ten months. To carry your account, it is necessary for the bank to charge you six per cent. a year, or \$5 for the ten months, payable in advance.


"A charge of one per cent. of the sale price is also made to cover fire insurance on the goods. This amounts to \$125. So you pay us a total of \$31.25 today, and sign a retail trade acceptance promising to pay the remaining \$100.

"If you do this, the goods will be delivered to you at once, and you will be paying only \$6.25 for obtaining ten months' credit."

Inasmuch as the merchant discounts the retail trade acceptance at the Morris Plan bank, he is through with the transaction at once, after paying the moderate service fee for the boon of escaping all further detail.

THE INSURANCE FEATURE

Another interesting feature connected with the Morris Plan System of loans is that of insuring the lives of borrowers to protect their comakers and dependents against loss in the event of the death of a borrower. At a very small cost the borrower can obtain a life insurance policy for the full amount of his loan and in the event of his death so much of the insurance as may be necessary will be applied in payment of his loan and the remainder of the insurance will be paid to his family or estate thus relieving his comakers and dependents from all liability. This plan has been in successful operation now for nearly four years and is increasing in popularity with borrowers.



The Morris Plan

of

Industrial Banking

has two functions

LOANS

The Morris Plan is dedicated to the proposition that all persons are entitled to credit for useful purposes on the basis of character and earning power.

Loans are made in amounts from \$50 to \$5,000 for one year or less, to wage earners, salaried employees and small merchants.

Liberty bonds and other marketable collateral accepted as security for loans.

There is no charge of any kind unless loan is made. Weekly or monthly payments.

More than 210,000 individual loans have been made on The Morris Plan in New York City, the total amount exceeding \$55,000,000.

Applications for loans may be obtained and Investment Certificates may be purchased at any office of the Company

INVESTMENTS

5%

In addition to its original capital, the company obtains funds for loaning purposes from the sale of its Investment Certificates to the public.

These Certificates earn 5% interest per annum and are issued in denominations of \$50, \$100, \$500, \$1,000 and \$5,000. They are also sold on the installment plan. Interest starts at once on every dollar invested. Money invested is available at any time, under reasonable regulations.

More than 75,000 persons are now investing regularly in Morris Plan Certificates.

If you wish to obtain 6% on money invested for a period of one year you may purchase Morris Plan Collateral Trust Notes, issued by the Industrial Finance Corporation, the parent organization of all Morris Plan banks and companies. These Notes are in denominations of \$100, \$500, \$1,000 and \$5,000, and are sold by The Morris Plan Co. of New York.

CALL TODAY OR SEND YOUR NAME AND ADDRESS TO

The Morris Plan Co. of New York

Reserves over \$6,000,000 Under Supervision of N. Y. State Banking Department

<p>Main Office 1211 B'way (at 52nd St.) Regist. Branch 367 East 109th Street</p>	<p>Union Sq. Branch 1 Union Square Brooklyn Branch 1800 Fulton Ave.</p>	<p>Banking Department 24 Canal Street (at 10th St.) Queens Branch 604 Main Street</p>
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Typical example of how the Morris Plan is being advertised to the general public

average man can be safely used as a basis for credit. The losses in over ten years' experience have been infinitely small, and the occasions when comakers of notes have been called upon to make good have not been very frequent.

A feature of the Morris Plan which has been very successful is its use by merchants to enable them to finance the sale of goods to their customers on in-

It is an attractive and economical form of insurance specially designed for Morris Plan patrons. The policy is good for one year and may be renewed from year to year after a loan has been paid. Policies are issued from \$50 up to \$5,000 to all acceptable persons from sixteen to sixty years of age. The average cost of this protection is about \$2.40 per hundred or about twenty cents per month. During the past three and a half years the Morris Plan Insurance Society has insured 95,000 borrowers for \$17,500,000.

The Morris Plan Insurance Society has also developed a unique plan for insuring the lives of investors in the certificates of the Morris Plan banks. Under this plan a person can subscribe for a \$500 Investment Certificate to be paid for in sixty monthly installments of \$8 each during which time he is insured for the full amount of his investment. In the event of his death his family or estate will receive the full paid Investment Certificate for \$500 together with all payments and interest accumulations less a small amount that is deducted for the insurance. It is one of the most attractive contracts ever put out.

BOTH SAVING AND LENDING

This it will be seen that the Morris Plan idea is a double-barreled one—both a saving and a lending proposition—and that it teaches and encourages thrift in both ends of the business. In no way can it be considered as competing with banks of deposit and discount. To quite an extent, it occupies a field not covered by the regular banks and trust companies or even the savings and loan or building and loan associations.

The most serious opposition the Mor-

ris Plan institutions have encountered has been from the loan sharks who quickly found that there was no room for their usurious and heartless methods where it was possible for worthy borrowers to obtain loans on a fair and reasonable basis on the Morris Plan. If they did nothing more than provide

Descriptive advertising copy featuring the savings department of the Morris Plan

a way of escape for victims of loan sharks, the Morris Plan banks and their safe and equitable system of industrial credit would well justify their existence.

Much of the recent progress and success of the Morris Plan idea has been due to the Industrial Finance Corporation of New York, which is called the "Parent organization of all the Morris Plan banks and companies." Coleman du Pont is president of the corporation and Arthur J. Morris is vice-president and general counsel.





Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

A BANKER said to me the other day, "I feel that banking is a dignified business, but I also believe that in the past we have been too content to rest on that dignity and expect the public to accept the idea. Now we've got to sell the public on the idea and make them see that the very dignity of the banking profession is one of its strong points rather than its weakness." Pretty sound logic.

⊙

The safe-deposit business is growing rapidly, but I still feel that in most banks it is not being pushed hard enough. It is still too much of a "side line." Every town is getting its taste of the wave of burglaries, and now, if ever, is the time for the banks to talk to their customers about the service of the safe-deposit departments—provided they are equipped to give a real service.

⊙

I saw a letter recently which read something like this:—"I was almost persuaded the other day to transfer my business to the Blank Bank when they appealed to me on the ground of their new location being so near my place of business, but you people have always been so courteous that I just can't tear myself away from you and I'm going to stick, and I felt you might like to know just how I feel about it."

⊙

A customer walks into a bank, hands his deposit to the receiving teller, the latter enters the amount in the customer's book, closes the book and hands

it back to the customer. The latter takes the book, thumbs over the pages until he finds the new entry, verifies the correctness of it and then departs. I've often wondered why the teller didn't hand the book back open at the page on which he had just made the entry. It would save time and be a convenience to the customer.

⊙

Speaking of courtesy, it strikes me that the safe-deposit people have capitalized courtesy to a greater extent than any other branch of the banking business. I've seen the edge of the temper of the grouchiest, most suspicious, temperamental grouch turned harmlessly aside by the courtesy of officials and clerks in the safe-deposit department. And there is no subservience in this courtesy. Rather it savors of an attitude of certainty that the institution, through the individual, can and will serve the client in just the way he wishes to be served, with security as the paramount issue.

⊙

Did you ever hear a man kick because the banks were open for only a comparatively few hours in the day as measured against the hours of stores and other places of business? Those of us who come in fairly close touch with the banks know that where the banks do have short hours there is some good reason for it—but I never yet saw a bank take the trouble to explain to the public why it was necessary for the bank to close early.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



WHEN this bank was organized in 1810 there were only three banks in New York.

Through the wars and panics of over a century it has always stood as a Gibraltar of finance.

Today it possesses not only the wealth of past experience but the spirit of modern progress and service.

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THE MECHANICS & METALS NATIONAL BANK

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Head Office: 20 Nassau Street

Capital, Surplus and Profits
\$27,000,000

Deposits, June 30, 1921
\$196,000,000



Main Banking Room
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27 YEARS AGO the Weary and Alford Company was organized to engage exclusively in the design and execution of bank and office buildings and banking interiors. During the ensuing years a multitude of clients have availed themselves of this specialized service and have evidenced by continued patronage the value and effectiveness of the service rendered.

WEARY AND ALFORD COMPANY

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Bank Not Liable on Telegraphic Promise to Pay Draft

First National Bank of North Yakima v.
Black Hills Trust & Savings Bank,
Supreme Court of South Dakota,
184 N. W. Rep. 236.

THE defendant bank sent a telegram to the plaintiff bank, stating that it would pay drafts drawn by George Posey on a certain mercantile company for apples. Relying on this telegram, the plaintiff bank honored a draft drawn by George T. Posey & Company (either a partnership or a corporation) on the mercantile company. It was held that the telegram did not make the defendant liable to the plaintiff on this draft.

OPINION

Action by the First National Bank of North Yakima, Wash., against the Black Hills Trust & Savings Bank. From order sustaining demurrer to the complaint, plaintiff appeals. Order affirmed.

WHITING, J. Appeal from an order sustaining a demurrer to a complaint. The complaint confesses the following facts: George T. Posey & Company was either a copartnership or corporation doing business in the state of Washington; the Black Hills Mercantile Company was a company doing business in the state of South Dakota; plaintiff was a banking corporation doing business at the same place as did George T. Posey & Company; defendant was a banking company doing business at the same place as did the Black Hills Mercantile Company, which was one of its customers; the mercantile company ordered several car loads of apples from Posey & Company; in order to enable the mercantile company to

purchase these apples, defendant sent plaintiff a telegram to the effect that it would honor a draft on the mercantile company for the apples on their arrival, if the apples were as represented; to this plaintiff answered that it could not accept a conditional guaranty; defendant then wired plaintiff that it would pay drafts drawn by George Posey on the mercantile company for apples; relying upon this last telegram, plaintiff honored a draft drawn by George T. Posey & Company on the said mercantile company, and forwarded same to defendant for collection; payment was refused by the mercantile company; plaintiff has been unable to collect of Posey & Company, which is insolvent; demand has been made upon defendant for the payment of the amount of such draft; and such payment has been refused.

Plaintiff, appellant in this court, contends, in support of its claim of liability on the part of respondent, that respondent's liability is the same as though the draft which respondent agreed to pay was a draft to be drawn on itself, and not on the mercantile company; respondent contends that the rule of liability is entirely different because of the fact that this was a draft drawn on a third party. Respondent also urges other grounds upon which it contends the ruling of the trial court was correct. We find it unnecessary to consider any ground urged on behalf of respondent, other than one which, to our minds, is conclusive on this appeal. Respondent wired that it would pay drafts drawn by George Posey. The draft that forms the basis of this suit was drawn by "George T. Posey & Company." Respondent never promised or guaranteed the payment of drafts drawn by such company.

The order appealed from is affirmed.

Bank Liable Where Trust Moneys are Deposited in Individual Account

Whiting v. Hudson Trust Company, New
York Supreme Court, 189 N. Y.
Supp. 745.

One Denham gave a power of attorney to a party named Eckerson, authorizing him to draw checks against Denham's bank account. Acting under this authority, Eckerson drew a check for \$7,000, payable to his order as trustee. This check he deposited in his individual account in the defendant trust company. Shortly thereafter Denham died and in his will Eckerson was named as one of his executors. After qualifying as executor, Eckerson sold bonds belonging to the estate of the value of more than \$40,000. The bonds were paid for by checks payable to his order as executor and these checks were also deposited in his individual account. A large part of the money so deposited was withdrawn on checks signed by Eckerson and applied to purposes not connected with the estate. This action was brought against the defendant trust company after Eckerson's death by a co-executor of Denham's will. It was held that Eckerson's transactions constituted notice to the trust company that he was using trust funds for his own purposes. This was sufficient to charge the trust company with negligence and to render it liable for the amount lost as a result of such negligence.

OPINION

Action by Richard B. Whiting, as surviving executor of the will of William Richard Denham, deceased, against the Hudson Trust Company and others to recover funds misappropriated. Judgment for plaintiff.

COHALAN, J. This action is brought to recover a fund of \$48,959.49 and interest, deposited in the Hudson Trust Company in the year 1915 and 1916 by one Eckerson then a co-executor with the present plaintiff under the will of William R. Denham, deceased. Of this fund there is now remaining on

deposit approximately \$11,000. Of the balance \$29,195 was transferred by Eckerson to the estate of one Snyder by check drawn to the order of said estate and deposited in that estate's account in the same trust company. There was also paid out of this fund by Eckerson \$1,385, fees of lawyers and brokers in the sale of a bond and mortgage belonging to the Snyder estate. The balance of this fund, approximately \$7,400, it is claimed, was paid out for purposes other than for the benefit of the Denham estate. The plaintiff seeks to recover from the Hudson Trust Company the balance on deposit with it, together with trust company interest from October 21, 1916; to obtain a judgment against the Snyder estate for the amount of the trust fund received by it, with legal interest from June 1, 1916, and for the additional sum of \$1,385 expended for the use of that estate, with interest thereon; to obtain an account from the trust company of the entire fund deposited with it and judgment against the trust company for any moneys disbursed and for which it may be liable by reason of its having participated in such diversion with the depositor, with notice of the misappropriation. There is also the usual prayer for general relief.

Eckerson for many years prior to the death of Denham and up to the time of his own death had been a trustee of the Snyder estate, having been in its early days its executor, and had been acting as attorney in fact for Denham from April, 1915, to Denham's death in September of that year, and after his death and the probate of his will became one of the co-executors with the plaintiff. The power of attorney that Eckerson had from Denham was a broad one, and authorized him to draw checks on the Denham bank accounts, to open new bank accounts for Denham, to have access to his safe deposit box containing his securities, and to do many other things unnecessary to mention here. A few days prior to Denham's death Eckerson drew a check for \$7,000, payable to himself as trustee, and signed it, "William R. Denham, by John C. R. Eckerson, Attorney in Fact." This

check was made out on one of Denham's printed checks and drawn upon the United States Mortgage & Trust Company, and on its face showed that Eckerson was acting in a representative capacity both as maker of the check and as payee. The signature on the check indicated that he was acting under the power of attorney, and his authority was manifest from the instrument creating it. It was shown at the trial that Eckerson was authorized to draw this money for the use of the Denham estate in the event of a delay in the probate of the will. This agency and use of the money terminated with Denham's death. Prior to the deposit of this check, but on the same day, Eckerson telephoned the trust company, where he already had the following accounts: First, "Estate of Joseph H. Snyder, John C. R. Eckerson"; second, a personal account; third, an account, "John C. R. Eckerson, agent"—and talked to Purdy expressing a desire to open an account to be kept separate from the other accounts, and Purdy, of the trust company, claims he mentioned the word "special". Purdy testified that the check when presented for deposit indicated to him that it was a trust, and that for that reason he inquired of Eckerson whose money it represented, and that Eckerson said it was his own. Purdy, it seems, made no further investigation, and allowed Eckerson to open a new account, "John C. R. Eckerson, special," with this check. Purdy could see that the check was drawn by an attorney in fact, payable to himself as a trustee, and payable out of moneys of the creator of the power, and he should have made further investigations before allowing the check to be deposited in what was virtually a personal account. Had he communicated with the United States Mortgage & Trust Company, the present action undoubtedly would not have arisen, as he would have been made aware of the terms of the power of attorney and in all probability the reasons for the particular trust, and would thus have seen the fallacy of Eckerson's statement, and the check, if deposited, would have been deposited properly in a trust account. Purdy, allowing this

check to be deposited in this special account without any other investigation than Eckerson's words, was certainly negligent, and the negligence was not confined to this incident, as will be seen later. The subsequent withdrawals from this account show the intent of Eckerson in depositing the money as he did, and these various checks, so drawn, should have put the trust company on its guard.

Some years prior to the death of Denham a firm of brokers had purchased for him, in addition to the bonds in Denham's deposit box in 1916, certain bonds, and these identical bonds were in the month of April, 1916, brought to this same firm of brokers by Eckerson and sold by that firm for \$18,817.26. Three checks were given to Eckerson for that amount and deposited by him in this special account. There is no doubt that these bonds so sold were the bonds of the Denham estate, and it is clearly shown by the testimony of McDonald and Hamon that they must have been removed from the safe deposit box by Eckerson between the date of the execution of the power of attorney and Denham's death and kept somewhere by Eckerson up to the time they were sold by the brokers. This is further substantiated by a letter of Denham to Eckerson directing the selection of certain bonds for use in accordance with some unknown instructions. In May, 1916, other bonds taken from the safe deposit box of Denham were sold by Eckerson through the same brokers for \$22,468.54. This sum also was paid to Eckerson by checks made payable to him as executor, and these checks were likewise deposited in this special account. Here again the trust company permitted checks payable to an executor to be deposited to what was virtually a personal account. There is nothing to show any investigation by the trust company with regard to these checks.

About a month prior to the deposit of the proceeds of the sale of the bonds the Denham estate had opened an account in the same trust company, but these checks were not deposited in that account. Eckerson had a method in his madness and deposited in this account

each check and amount received from the property of the Denham estate, and presumably the small doubtful items were property of the same estate. It is unnecessary to go into each one of the items that make up this special account, as it is my belief they were each and every one of them Denham estate property. Prior to Denham's death an action was commenced by one Wells against Eckerson as trustee of the estate of Snyder, and an interlocutory judgment was entered on or about April 20, 1916. It would appear that in February or March of that year Eckerson had filed an account in that action, and under the judgment he was directed to pay to certain beneficiaries under the will certain sums. The same week the bonds above referred to were sold by Eckerson, and the money for the same deposited in the special account. About three weeks after the entry of judgment, and two weeks after the sale of the bonds and deposit in special account Eckerson drew checks on this special account and deposited the amounts in the Snyder estate account. I think the entire question in so far as the liability of the Snyder estate is concerned depends entirely upon notice. Eckerson at the time of the transfer was the trustee for both estates, and, as the trustee of the Snyder estate, had knowledge of his misappropriation of moneys from the Denham estate. The Snyder estate claims that under the judgment entered against Eckerson in the Wells action, Eckerson having made a payment according to that judgment, the plaintiff here cannot hold the Snyder estate. To support this contention they cite English cases and the dicta in the Massachusetts case. I believe, however, that the previous cases are distinguishable from the present, and that the present case follows more after *Atlantic Mills v. Indian Orchard Mills*, 147 Mass. 268, 17 N. E. 496, 9 Am. St. Rep. 698. It is conceded that the Snyder estate at the time the present agent went into possession had approximately \$7,000 on deposit in the Hudson Trust Company account. It is also conceded that at the time of the

trial there was upwards of \$50,000 in the hands of Taylor.

After a careful review of the contentions of the parties here, I believe the Snyder estate to be liable for the amount of the two checks drawn out of the special account and payable to the Snyder estate, and in so deciding I am mindful of the fact that the present plaintiff is very negligent of the duties as executor in confining the entire charge of the estate to Eckerson and in not keeping track of it, as appears to be the fact.

As to the liability of the Hudson Trust Company, I think enough has been shown to hold them liable for their negligence, which amounted to practically a participation in the diversion or misappropriation of the funds belonging to the Denham estate. It knew or should have known that the check opening the original special account was trust money, and the maker, acting in a trust capacity, making himself the payee of the check as trustee, certainly should have put the trust company on its guard, and it should have made investigations beyond the conference with Eckerson himself. Later, when the checks came from the brokers payable to Eckerson as executor, it again permitted him to deposit them in the special account, which was virtually a personal account, without making any investigation or without questioning the deposit of the checks in that account. Subsequently it knew or should have known that Eckerson was using this special account for his own personal matters, as shown by the garage check and others, and, furthermore, it knew that out of this account were drawn two very large amounts on or about the same time that the proceeds of the bond sale were deposited, which were deposited immediately in the Snyder account in their own company. All these transactions should have put it on guard that Eckerson was commingling trust funds and executor's funds and drawing upon them for his personal matters. I am constrained to hold this company liable to the extent prayed for. The moneys expended by Eckerson for the sale of the mortgage in question are not charge-

able to the Snyder estate. There is nothing shown to release Eckerson's estate.

Judgment accordingly.



Bank Taking Draft for Collection Not Entitled to Proceeds

First National Bank of Siloam Springs v. Munding, Supreme Court of Oklahoma, 200 Pac. Rep. 158.

A grain dealer shipped a carload of grain from a place in Arkansas to a purchaser in Oklahoma. He drew a draft on the purchaser, which he attached to the bill of lading covering the shipment, and delivered the draft and bill to his bank. The bank received the draft subject to payment. The amount was credited to the grain dealer's account but it was understood that if the draft was not paid, the bank could charge it back. The draft was forwarded to a correspondent at the point of collection, and upon presentment, the drawee paid it. But the drawee immediately attached the proceeds of the draft in the hands of the correspondent, in an action against the shipper to recover for certain shortages in earlier shipments. In this action, the bank intervened, making the claim that it and not the grain dealer was the owner of the fund attached. It was held that, under the circumstances, the bank was not the owner of the draft or of its proceeds. It was a mere agent for collection and the proceeds belonged to the grain dealer. It was decided that the drawee was entitled to collect out of the fund the amount for which he sued.

OPINION

Action by M. A. Munding against A. B. Currants, in which the First National Bank of Siloam Springs, Ark., intervened. From a judgment for plaintiff and against the intervener, it appeals. Affirmed.

MILLER, J. This action was commenced in the superior court of Musko-

gee County by M. A. Munding, doing business as the New State Flour & Feed Company, against A. B. Currants, trading as the A. B. C. Flouring Mills, to recover the sum of \$881.79 by reason of shortages in the shipment of grain as set forth in the plaintiff's petition.

During the months between October, 1917, and April, 1918, the plaintiff was in the grain and feed business at Muskogee. The defendant was engaged in handling grain and shipping it in carloads, with his headquarters at Siloam Springs, Ark. The plaintiff in his petition set out eight separate causes of action. During the time above mentioned the plaintiff purchased from defendant three carloads of oats and five carloads of corn. The defendant would ship a carload of grain to the plaintiff and send the bill of lading with draft attached through the banks. The plaintiff would take up the draft and bill of lading by paying the amount called for, but in each instance there was a shortage in the number of bushels of grain actually contained in the car as compared with the amount set forth in the bill of lading and for which the plaintiff had paid in taking up the draft. These shortages in amount ranged from \$49.04 to \$251.10, making a total of the amount sued for by the plaintiff.

On or about May 1, 1918, a car of grain arrived in Muskogee shipped by defendant to the plaintiff with draft attached as usual. The draft was delivered by defendant to the First National Bank of Siloam Springs, Ark., and was received at Muskogee by the Exchange National Bank. The amount of the draft drawn on this car of grain was \$1,148.35 which the plaintiff paid, and obtained possession of the car of grain. The plaintiff immediately caused a garnishment summons to be served in in this action on the Exchange National Bank of Muskogee. The Exchange National Bank of Muskogee answered the garnishment summons which answer in part is as follows:

"That at the time of the service of the garnishment summons in this case it had on hand the sum of \$1,148.35, which it is now holding subject to the

order of this court under the following circumstances:

"That there was drawn through this answering defendant a draft for the above-named sum, which draft was drawn upon the plaintiff in this cause of action; that thereupon the plaintiff paid said draft by delivering the money to this answering defendant, and immediately thereafter said sum was garnisheed by said plaintiff in this cause.

"And said answering garnishee further states that it is informed that the First National Bank of Siloam Springs, Ark., claims to be the owner of said fund, and to be entitled to the payment thereof, and that said First National Bank desires to be made a party defendant in this suit.

"And said answering garnishee hereby tenders in court the sum of \$1,148.35, as above mentioned, and ask that it be received by the clerk, and this garnishee released of all liability in this action."

Thereafter, and on the 4th day of May, 1918, the First National Bank of Siloam Springs, Ark., by leave of court, filed its answer of intervention, in which answer the intervener claimed that it was the owner of the \$1,148.35 so garnisheed in the hands of the Exchange National Bank of Muskogee. The plaintiff denied that the First National Bank of Siloam Springs was the owner of the money so garnisheed and this issue was tried in the superior court of Muskogee County. The plaintiff and the intervener each waived a jury and submitted the case to the court. Judgment was rendered in favor of the plaintiff and against the intervener, holding that the money so garnisheed in the hands of the Exchange National Bank of Muskogee was the property of the defendant, A. B. Currants, and that the intervener was not entitled to hold the same as against the plaintiff. From this judgment the intervener perfected this appeal, and appears here as plaintiff in error. The plaintiff in the court below appears here as defendant in error, and they will be so referred to.

The plaintiff in error makes two assignments of error, which are as follows:

"First. The court erred in admitting testimony on the part of the defendant in error as to the custom of banks in handling drafts in that the witnesses were permitted to testify the custom of their bank in Muskogee, in the state of Oklahoma, when in this case the draft was purchased at Siloam Springs by a national bank in the state of Arkansas.

"Second. That the judgment of the court was contrary to the weight of evidence."

The first assignment of error is not well taken. The evidence shows that each of the witnesses testified to the custom prevailing in Eastern Oklahoma and Western Arkansas, which embraces the territory in which Siloam Springs is situated. Even had it been error to admit this testimony, the error was cured by the testimony of witness Ford, who testified that he was assistant cashier of the First National Bank of Siloam Springs, Ark.; that in handling these drafts for A. B. Currants his bank would credit A. B. Currants' account for the amount of the draft and charge him interest on this amount until the draft had been collected and the money received by the bank. Ford admitted the draft was accepted subject to payment. If not paid, the bank would have the privilege of charging it back to A. B. Currants. Under this state of facts, the plaintiff in error accepted the draft for collection.

"A bank receiving from the drawer a draft for collection is not the owner of the proceeds of its collection, but the proceeds belong to the drawer, and they are subject to garnishment." *Hobart Nat. Bank v. Fordtran* (Tex. Civ. App.), 122 S. W. 413.

"A city treasurer deposited checks in a bank, indorsed by him 'For deposit,' and the checks were immediately credited to him on his passbook, though not in pursuance of any agreement to that effect. He had been a depositor in the bank for some years, but had no agreement that his checks should be treated as cash, or that he should draw against them before collection. The bank became insolvent before the checks were collected, and their proceeds passed into the hands of a receiver. Held, that no

title passed to the bank except as a bailee, and that the depositor was entitled to the proceeds. 49 Fed. Rep. 790, affirmed." *Beal, Receiver, v. City of Somerville*, 50 Fed. 647, 1 C. C. A. 598, 17 L. R. A. 291.

R. J. Alfrey, vice-president of the First National Bank of Siloam Springs, testified that in this instance this draft was sent to the Commercial National Bank of Muskogee, and by it returned to the First National Bank of Siloam Springs. A. B. Currants then directed the plaintiff in error to send the draft to the Exchange National Bank of Muskogee, stating that it would be paid when it arrived there. This evidence shows that A. B. Currants still retained control of the draft to the extent of directing where it should go. The evidence of Ford and Alfrey in effect

shows that A. B. Currants obtained a loan from the bank of the amount of this draft. The transaction was in effect the same as though Currants borrowed this money on his note, except that he signed the draft in place of a note, received credit at the bank for the amount, and paid interest on it until the money was actually paid to the bank. If the money was not returned to the bank as the proceeds of the draft, the bank would charge it back to Currants. *Alamo National Bank of San Antonio v. Dawson Produce Co.*, 78 Okl. 235, 190 Pac. 398.

The evidence introduced by the plaintiff in error sustains the judgment of the trial court and this disposes of the second assignment of error.

Judgment affirmed.



“Dictated, But Not Read”

WRITING in *Printers' Ink*, The Schoolmaster recently said:

“A member of the class sends in evidence of the fact that the ‘Dictated-but-not-read’ letter writer is again active in certain parts of the country. Our member transmits a copy of the correspondence recently had with an inquirer in regard to this subject. The latter wrote:

“‘Is my annoyance over this phrase without reason? Am I wrong in expecting that when the secretary of a great corporation, or a professor in a famous educational institution, or the editor of a popular magazine, writes what purports to be personal letters, he should read and sign his own communications? I have had several letters from several such people within the month, each one bearing the offensive words.’

“The reply carried this comment: ‘The practice you so much dislike is a piece of imitative thoughtlessness and not deliberate bad manners. It is due

to the business fiction of our time that a business man must necessarily always be in a hurry, or he is not efficient.’

“In the opinion of the Schoolmaster, this accurately sizes up a delusion which was widespread a few years ago, but which is not so prominent now—this delusion being the belief that a business man must always be in a tremendous bustle in order to impress upon observers the conviction that he is a person immersed in affairs involving vast millions and that he cannot be expected to spare the time for the ordinary courtesies of life.

“Nearly every business man is busy, of course; that is where he gets his name—he is a man of busy-ness. But he can always find the time, except in extreme cases, to transact his affairs properly and in order. If he thinks he cannot, it is because his business is improperly organized—he either doesn’t know how to divide up his time or he doesn’t know how to distribute his work.”



Where commerce is opening new pathways

AN Eldorado reached only by traveling a rugged road; vast wealth in latent resources; immense agricultural production; amazingly prosperous cities rewarding breathless climbs to mountain heights; that is South America. Though the people welcome our commercial advances, North American firms have met with varying degrees of success in courting these markets.

Experience indicates that the *manner of approach* strongly influences the result. European firms have won favor by keen missionary work supported by merchandising methods adapted to local customs. American firms strongly established there also testify to the advantages of transacting business *according to the preferences of the various countries.*



WRITE FOR
COPIES OF OUR
BOOKLETS:

*Foreign Exchange
The Webb Law
The Edge Law
Acceptances
Scandinavia*

From Caracas to Cape Horn, The National Shawmut Bank is represented by affiliated strong local banks—*practically branch banks*—which are energetic in welding the tie between the two Americas. These affiliates are directed by able officers who interpret the customs and markets for the benefit of exporters and importers. They constitute a strong link in the service Shawmut renders to clients who invite us to assist them in cultivating South American friendships.

It would give us pleasure to serve you

THE NATIONAL SHAWMUT BANK of BOSTON

Capital, surplus and undivided profits, \$22,000,000

Banking Publicity

Special Section of The Bankers Magazine

NOVEMBER 1921

Banks Cooperatively Advertise to Boost Prosperity of Their Home Town

By FRANK H. WILLIAMS

AS A GENERAL thing the only co-operative advertising ever done by the financial institutions of a city is long about the holiday season when they may get together in a series of advertisements which urge people to patronize the Christmas savings clubs conducted by the banks and trust companies.

But while this is a mighty fine thing for the institutions which combine in putting such cooperative advertising over, it has been felt for a long time by some of the leading bankers that the financial institutions of a city could do much more than this in the way of cooperative advertising. In fact a number of tentative efforts have been made to get the banks of various cities together in advertising for the purpose of putting over thrift campaigns or increasing the number of savings accounts handled by the banks.

Such efforts, however, have generally met with something closely akin to failure and it has been felt that perhaps it isn't possible, after all for banks to get together in cooperative advertising for things outside of Christmas savings clubs. Consequently many cities have made no effort at cooperation of this sort for some time.

Now in the view of all this it will be particularly interesting to the bank and trust officials of many cities to learn about a unique and highly successful cooperative stunt in which the banks and trust companies of Fort Wayne, Ind., recently engaged.

This city recently came to the conclusion that its prosperity was not entirely dependent upon outside conditions. It came to be felt that local buying of Fort Wayne products would go quite a long way toward stimulating business in Fort Wayne factories and thereby making it necessary for

the local factories to put on more men who, in turn, would have more money to spend in Fort Wayne.

So with this idea in mind a homecoming week and "Made in Fort Wayne" exhibition was staged which had for its slogan "Buy 'Made in Fort Wayne' products and put the workers back into the factories."

All the local newspapers carried column after column of reading matter telling just

(Continued on page 879)



WHERE BUSINESS THOROUGHFARES MEET

Situated in the heart of the business and shopping district, at the intersection of Granby and Main Streets, this institution is rendering every service consistent with sound banking.

The steady increase of new depositors who come to us from the recommendation of present customers is proof that our policy of prompt, courteous, and individual attention is appreciated. The public is cordially invited to make use of this service.

The
Virginia National Bank

Granby Street, Corner Main
Norfolk, Virginia

A well balanced use of type and illustration making a result that is pleasing to the eye

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE
253 Broadway, New York

NOVEMBER 1921

CASES can be mentioned where the most valuable asset of a business institution is its trade-mark. The trade-mark is made known chiefly in two ways—by advertising and by being stamped or printed on the goods. But when, as in the case of a bank, there are no tangible goods the advertising must be mainly depended upon to impress the trade-mark upon the public mind.

UNLESS YOU believe in the efficacy of advertising for your bank or trust company there isn't much use in your undertaking it. Don't regard advertising as a necessary evil. That is a wrong, negative attitude. The combined knowledge, experience and ability of many advertising men would find it virtually impossible to make a great success of advertising for any concern which regards advertising merely as an expense instead of an investment. The lukewarmness and opposition would interfere with the sustained effort essential to the fullest measure of success.

THE SUBJECT of slogans is one of increasing interest to bankers. Many banks have

adopted a slogan, and many others are looking for one—a terse expression of some general or specific merit or qualification of the institution. One of the first requirements of a good slogan is that it shall signify something in particular. Then it should be convincing and original. If you can get all of these in one slogan it will be a winner.

ADVERTISING is an expense, but so are salesmen an expense. So are clerks and office buildings, and everything used in conducting the banking business. The point is that efficient advertising is much less of an expense than inefficient advertising. That is the kind of expense which is really an investment.

SOME OF THE most successful advertisers in the general field have learned the lesson that sometimes it pays to advertise results rather than the article itself, what the thing does, not so much what the thing is. That same principle holds good oftentimes in case of bank advertising. In other words, sometimes it is more effective to tell what has been accomplished by saving, or how a bank has helped a business man to succeed, or in what ways a trust company has helped a widow or other person inexperienced in money matters than it is to attempt to advertise the institution itself.

"LET'S BE DONE WITH PESSIMISM"—you can't beat that for a newspaper advertisement heading for these times. Prepare one along that line to use in your community. The idea is that our country has been going through a period of readjustment and that prosperity will return when the people really will it by taking the right action about prices, wages, production, etc., to say nothing of tax revision, tariff and the limitation of armaments.

IN CRITICIZING a certain amateur writer Robert Louis Stevenson said:

I never—or almost never—saw two pages of his work that I could not have put in one without the smallest loss of material. That is the only test I know of writing. If there is anywhere a thing said in two sentences that could have been as clearly and engagingly and as forcibly said in one, then it's amateur work.

RIGHT NOW do not overlook the fact that many of your present customers and depositors may be lost. So it is the part of wisdom to advertise now to get new customers, even if their business does not amount to much now. It may some time. So get them on your books now before your competitor puts them on his. Throughout this whole reconstruction period be laying your foundation for future business.

Banks Cooperatively Advertise to Boost Prosperity of Their Home Town

(Continued from page 877)

what it would mean if all Fort Wayne people would patronize home industries more extensively. The papers, too, carried extensive lists of the local factories and summarized all the things which are manufactured in the city.

Then the "Made in Fort Wayne" exhibition was staged in the largest department store of the city which, announced in flaming advertisements, that it would purchase all worthy products made at home and do its utmost to push the sales of these products. The other stores, of course, followed suit. Nearly seventy local manufacturers had displays in the "Made in Fort Wayne" exhibition which was staged in the aisles on the main floor of the store and a surprisingly large volume of sales for these goods was recorded during the week.

With the papers full of news and advertisements bearing on the "Made in Fort Wayne" exhibition and the home coming week the leading financial institutions of the city got together and issued some page advertisements which did much to boost the city and make local people feel more like purchasing more local products and which also made folks feel more optimistic all around. The national banks which cooperated in this advertising were the Old, First and Hamilton and Lincoln. The trust companies cooperating in the advertising were the Tri-State, Peoples, Lincoln Dime Savings and Trust, Farmers and Citizens.

Here is a typical advertisement issued by these institutions:

"As banking institutions of Fort Wayne we are vitally interested in the progress of this community and the prosperity of its citizens. A significant need of the present moment in furthering this prosperity is

Who's Who in Bank Advertising



CHARLES CASON

Director of Public Relations, Chemical National Bank of New York

MR. CASON is a native of Nashville, Tenn. He attended Vanderbilt University, Nashville, working his way through, finishing the four years' course in three years. He won the Founders Medal in Public Speaking, the highest reward given in the university. Mr. Cason served as alumni secretary of Vanderbilt University for five years, was clerk of the House of Representatives of Tennessee for several years, and a member of the executive staff of the Rockefeller Foundation for a year and a half previous to his joining the staff of the Chemical National Bank.

He was appointed the official representative of Vanderbilt University, of which institution he is a trustee, at the inaugural ceremony of president-elect Livingston Farrand of Cornell University. Mr. Cason was also appointed a member of the public relations commission of the American Bankers Association.

Primarily a "Trust Company"

THE New York Life Insurance and Trust Company has specialized for more than ninety years in the administration of Personal Trusts. Along with this business the Company has developed banking facilities which have recently been modernized so as to afford every convenience, and interest is allowed on deposits subject to check as well as on time deposits.

The policy of the management is to continue to specialize in Personal Trusts and to conduct its banking business along time tested lines that will keep it a safe depository for the funds of individuals or corporations.



New York Life Insurance and Trust Company

EDWIN A. MERRILL, President
32 WALL ST. NEW YORK

An effective use of straight lines gives this advertisement a unique appearance that catches the eye

the employment each day of more and more Fort Wayne men and women. To bring this about a healthful stimulation of the demand for Fort Wayne made products is highly desirable. Fort Wayne is a distributing center for the best products made all over the world. Articles manufactured in Fort Wayne are among these products. Retailers can aid materially in promoting maximum sales here. Local manufacturers should be interested in securing 100 per cent. distribution in this territory. Every man, woman and child may well be concerned with the increase of the demand for Fort Wayne's output for it means the employment of more persons and, therefore, the greater prosperity of all.

"In advocating this policy the financial institutions of Fort Wayne lay no claim to an altruistic motive or a philanthropic purpose. They are advocating a sound economic principle, the working out of which will redound to their own greater prosperity. This senti-

ment is in accord with the thought recently expressed by the National City Bank of New York:

"A good banker will study the interests of his patrons, for his business will grow with theirs. The profits of a bank are made upon its deposits, rather than upon its capital; for the latter is relatively small—its main purpose being to serve as a margin of protection to the depositors. The idea that bankers, as a class, have interests diverse from or in conflict with the interests of their patrons or the general public is wholly erroneous, and arises from a view of only one side of their relations with the public. It comes from thinking of them as money-lenders, overlooking the fact that the funds they have to lend are placed in their hands by the public, and the supply and demand of these funds are both increased by general prosperity."

"A greater sale of Fort Wayne products will result in larger deposits in Fort Wayne banks and trust companies. As

a bank can only lend the money deposited with it by the people of the community, this will mean more funds for loans—directly benefiting business here.

"But someone says: 'I neither have a bank account nor do I enjoy the privilege of borrowing. What good does the banking system do me?'"

"A man might as well say that he never traveled or shipped any goods and, therefore, derived no benefit from railroads. The banking system is an essential part of the modern industrial organization and the highly organized system of trade by which products and service are exchanged. It provides facilities for industry and trade and effects great economies in production and exchange and cheapens the cost of the necessities of life to all concerned.

"It is at once apparent, therefore, that the creation of an increased demand for Fort Wayne products is of great importance; that everyone will be affected by the greater prosperity thus brought about."

This particular advertisement made a profound impression in the city and was used as the basis for a double-leaded, black type editorial by one of the leading newspapers of the city.

The result of this advertising and of the advertising by all the seventy manufacturers who combined in the "Made in Fort Wayne" exhibit and of all the publicity given the exhibit and the home coming week by the local newspapers, was to very greatly augment the amount of goods sold locally by the manufacturers. And in a number of instances this increased volume of sales had very satisfactory and concrete results in that the manufacturers thus affected actually put on a large number of additional workers to take care of the increased orders for their products.

It does seem, in view of all this, as though there was a splendid opportunity for the

financial institutions of other cities to get together and co-operatively put on home-town exhibits of the same sort.

Certainly an increased local demand for home-town products helps almost any industrial community to greater prosperity.

Why don't *you* get together in *your* town *now*, Messrs. Bankers?



Does Advertising Pay?

THE FOLLOWING excerpts from an address delivered at the Los Angeles convention by Alvin P. Howard, vice-president of the Hibernia Bank and Trust Company of New Orleans, will be of interest to all who are sceptical as to the definite results produced by advertising:

I know that you are anxious to hear the proper reply that should be made to a bank director who questions money spent for advertising. If that is all that you want it could be easily flashed upon the screen in figures.

These figures have been obtained by means of a small card, which is mailed to each new depositor of the bank. The card asks a depositor to designate by check mark why the account was opened at our bank. The various reasons for opening a bank account are listed with advertising at the top, properly subdivided into the various classes, such as newspaper, bill-board, general advertising, etc., with a further subdivision for the name of each New Orleans daily newspaper. Approximately forty per cent. of these cards are returned, with the reason for opening the account, and we hope to increase this percentage as the public becomes accustomed to the idea.

The figures show conclusively that out of 3,640 cards returned, 880, or slightly less than one-quarter, had checked advertising of one sort or another as the reason for opening the account. These 880 new accounts thus obtained had initial deposits amounting to \$301,840. The use of these cards constitutes a definite method of ascertaining the results of advertising in dollars and cents. Naturally, a great deal of additional information can be obtained from them, especially which one of the advertising mediums produces the best results.



A BEAUTIFUL historical booklet has been issued by the Manayunk National Bank of Philadelphia, in celebration of that bank's fiftieth anniversary.

Who's Who in Bank Advertising



W. B. WEISENBURGER

Director of advertising, National Bank of Commerce, St. Louis

MR. WEISENBURGER recently became secretary to the president of the National Bank of Commerce, St. Louis, also taking over the duties of director of public relations and advertising. He is well qualified for his new position having been in newspaper work for more than twelve years prior to acting as secretary of publicity to the Chamber of Commerce for four years. He originated and fostered many advertising features for the city of St. Louis, foremost among them being the municipal advertising campaign to nationally advertise St. Louis and founded the chamber's present official publication, *Greater St. Louis*. He directed publicity in the first Liberty Loan, also the state publicity in the United War Work drives; managed the Roosevelt memorial campaign; was secretary of the Mayor's Welcome Home Committee, which planned all the soldiers' home-coming celebrations. He recently conducted the Chamber of Commerce delegation of more than 100 through Mexico.

In taking up his new work Mr. Weisenburger does not go into an entirely new field, having handled the public relations matters of the American Bankers' Association during 1920.

SECURITY TRUST COMPANY

EXECUTIVE OFFICES

DETROIT

October 7, 1921.

Mr. Ralph Morley
420 Carlisle Street
Saginaw, Michigan

Dear Mr. Morley:

Like the dear old lady in the picture, those you leave behind would also appreciate your thoughtfulness in arranging for your Executor and Trustee to send them periodical remittances. We have many such trusts on our books, both large and small.



Her Monthly Remittance

If you choose a responsible, permanent Trustee, such as the Security Trust Company, your estate will benefit by the combined experience and training of our organization—at no greater, and quite often less cost, than if you select some individual who may lack many of these important qualifications.

If you will call for a confidential discussion of your estate plans, we can doubtless suggest some things that you will want your lawyer to incorporate in your will. Such conferences are without cost or obligation.

Yours very truly,

Vice President.

One of a series of illustrated letters being used by the Security Trust Company in developing its trust business

“Humans First—and Bankers Afterwards”

By ARTHUR M. DeBEBIAN

Director of Publicity and Advertising, The Equitable Trust Company of New York

THERE walked into the advertising department of one of New York's largest and best known trust companies the other day, a man who had grown up and grown gray in the service of financial magazines.

“You know, he said to me, “as I look back on the financial district of thirty-five or forty years ago the changes seem almost incredible. I was a pioneer in financial advertising—I was the go-getter for a finan-

cial magazine whose existence at that time was as precarious as the schedule of a small town ferryboat. I was an ad-getter when Wall street was synonymous with frock coats and silk hats and every one but office boys and elevator men wore this frigid regalia.

“Being an ad-getter in that Arctic circle of banking exclusiveness was not a kid-glove assignment.

“We do not advertise—it is undignified—the partners would

never agree to it—we don't want it—we wouldn't think of it. These and many other phrases couched in more austere language were the condemnations hurled at my luckless head.

“Fortunately,” said this gray-haired gentleman, “I had courage in those days and a confidence nurtured by a good appearance and a fair education. I was able to see many of the big personages of Wall street banking, able moreover to convince a few that a bank might need to let a few of the neighbors know it was in business.

“That was in the pioneer days of financial advertising when here and there like timid violets the shrinking advertisements hung their heads. A name and address—banking—trusts—investments—nothing more—that was the pinnacle of progressiveness in financial advertising thirty-five years ago.

“Now I see the largest and strongest financial institutions—gigantic colossuses of finance—telling really human stories of financial service—stories that reach the understanding and the heart, and the pocketbook of the average business or professional man.

“The banks and trust companies seem to realize at last that their progress is due in a large measure to the extent to which they are known by the public, that is, providing that they are known favorably—and they are seeing to it that they do become favorably known.

“Here,” said he, drawing a proof sheet from his pocket, “listen to this and judge for yourself whether I am not right in saying modern banking institutions are seeing to it that the public is treated as it would like to be treated. This is a message from the president of one of New York's largest trust companies addressed to the company's officers and employees:

“The time is coming when the use of banks as friendly consultants in business and personal matters will be as general as the use

of doctors and lawyers in health and legal matters. The capacity which every bank has for helping the average man and woman is only beginning to be realized.

'By our advertising and by our treatment of customers and visitors, we are trying to do our part in overcoming the popular misconception of, and sometimes prejudice against banks, and hasten the day when bank service will play an intimate personal part in the life of the individual and the community.'

'The following letter from a prominent financial editor is another gratifying indication that we are succeeding:

'The writer has been familiar with all the bank advertising that has appeared in New York for the past fifteen or twenty years, and he cannot forbear sending this line to you commendatory of the series of splendid advertisements you are putting out.

'Nothing in the past half dozen years has carried such a dignified and yet human interest appeal from a bank to prospective clients.

'The invitation to young business men and young men in general is an inspiration. The advertising certainly will be profitable to your clients, but in a larger sense it is doing a lot to break down the widespread opinion that banks are monetary jails or financial ice houses rather than places for the convenience of people with money to deposit or invest, or having need of the many other services that a real bank or trust company can perform.'

'Here is another message, equally true and forceful:

'This advertisement was prepared by our advertising department; but this week I want to say a word about the advertisements you and I write each day—our letters.

'Every letter that goes out of this bank, whether it be a personal or form letter, is an advertisement of our bank. If it is cold and impersonal in tone and contains the usual stereotyped sentence and stilted phrases, it's a bad advertisement—the recipient unconsciously conceives of the bank as a cold, unfriendly place and of our service as stereotyped service. If it is friendly in tone and natural in style, the letter is a potent selling force—even though it deals with purely routine matters.

'Why don't bankers and business men write as they talk?' I have heard men ask. There is no reason why they shouldn't. And banks more and more are realizing the importance of being "human" in correspondence as well as in newspaper and magazine advertising.

'The following paragraph taken from the house organ of another large bank, may be read with profit by us all:

'Every letter sent out from the bank, whether so intended or not, is a sales letter. It either has a positive or negative effect on the person who receives it. If it is friendly, cordial, direct, it leaves a good impression. If it is poorly worded, unfriendly or sarcastic, it leaves a negative im-



When your son enters college this fall—

DURING the next few weeks several thousand men of New York will meet their sons in school college or university. These men have a substantial position as business and professional life. They have built up businesses and personal means which they plan some day to pass on to their sons.

You are one of these men, perhaps. The Equitable has a simple plan by which you may make your son's college years a practical education in financial responsibility.

Through us, you can set aside to accumulate a sum whose income will be sufficient to cover the boy's room, living costs, club, athletic and other expenses. We will manage the fund and pay the income to your son, helping him to budget it and teaching him regularly a measure of receipts and disbursements. This will, in effect, be a practical training in the fundamentals of sound money management, a preparation for the financial responsibilities that will come day by day.

This plan has many other uses—“diversify” your investments every dollar with opportunity; and we shall be glad to discuss the matter further with you any day, either by mail or in person, our Trust Department.

THE EQUITABLE TRUST COMPANY OF NEW YORK

11 WALL STREET
NEW YORK, N. Y.
INCORPORATED IN NEW YORK
Capital, Sur. & Res. \$10,000,000

Advertising a unique service to parents of college students

pression, which will not soon be forgotten. The secret of letter writing is to say what you have to say in concise terms, omitting anything that might be misunderstood. When you have finished, quit. It is not necessary to say anything about the bank. If your letter is of the right sort, regardless of the subject, it will be a sales letter for the bank.'

'And what is the result?

'Smith of West Seventy-second street and Jones of Scarsdale are losing their timidity—they no longer stand in awe of banks and bank officers. They are visiting their banks more frequently and laying their financial problems and burdens before human and sympathetic men—who are humans first and bankers afterward.

'The man in charge of the advertising and publicity departments of this institution showed me scores of letters from prominent banking institutions throughout the United States and Canada requesting complete sets of proofs of this remarkable campaign. All of these letters spoke in the most

glowing terms of the advertisements. It has certainly paid that institution 'to step down from its pedestal' as their president aptly put it, 'blow away the fog of technical terms and talk to the man in the street in his own language.'



Keep Up Your Advertising

A QUESTIONNAIRE ON the reduction of merchandising expense was sent out a few months ago to every member of the Chamber of Commerce of the United States. The replies represent the experience of all classes of business men in every kind of business from the largest corporations down through the whole list of wholesalers and jobbers to the small retailer.

The answers in regard to publicity are of interest to bankers. Here are extracts from some of them:

We have taken no steps to reduce our advertising space, as it is our feeling that it is false economy to cut down advertising at a time when business is in need of a stimulant to keep it alive.

With business hard to get we believe this is the time to advertise. We have rather added to advertising as this has always been our custom—advertise heavily when business is hard and "go easy" when it is coming anyway.

Am using liberal space in my competitors' magazines and circularizing fifty per cent. more than last year. When the other fellow quits I like to begin.

Have increased our advertising expenditures to increase our business.

We are running the biggest advertising campaign in our history in order to cooperate with our connections in bringing back normal business conditions.

We are not trying to curtail our publicity but are increasing it, as we need it much more now than we have for the past three or four years.

We kept our appropriation down to bed rock during the days when there was practically no sales resistance, conserving our funds for a time when they would stand us in good stead. We feel we now owe it to our distributors and dealers and to ourselves to help keep things moving as satisfactorily as possible by securing the healthy flow of distribution, produced through consistent, well directed and forceful publicity.

We believe that bankers should feel the same way about advertising in these times.

To Better Serve The Public



A Word of Thanks
History and Growth
Expansion
The New Building
Facilities
The East Side Branch
In Appreciation
At Your Service

Monday the Utica Trust & Deposit Company shares with the public the story of the new home and service to friends and the general public to come in and support the building and the expansion.

Twenty-five years ago this Company was founded to meet the growing needs of Utica and its environs for the services of a bank company. During the years of untiring service it has grown steadily in strength and magnitude as well as in the confidence of its customers. Today, with more than thirty branches, it offers the widest in banking and trust service to the individuals, firms and corporations of Utica and its neighborly the entire state.

Four years in the course of our history, expansion and a steadily growing clientele have forced us to move into more spacious and more completely equipped quarters.

We are now in a building worthy of Utica and of the financial services we represent. Architecturally beautiful, it also contains all the modern appliances for comfort and efficiency.

These briefly are some of the features. The handsome and comfortable banking lobby, the four modern safe-deposit and storage vaults, the ample number of offices and customer rooms, the carefully planned and modernly equipped retail bank, the general offices and the Trust and Investment Department, all added by the new building of service.

Our new 400,000 sq. ft. East Side Branch was opened to meet the long-felt need of a new banking and trust facilities in East Utica. Opening its first year this elegant branch building has covered over 250,000 sq. ft. of space and has fifty three to 100,000 sq. ft. in the vicinity and scope of the service.

We take this opportunity to express our sincere appreciation of the way our customers have patronized during the past few months. We are sure that the new structure going on in the building.

The extensive facilities of a strong, efficient, conveniently located, and completely equipped financial institution are at your service.

Write or call for our complete descriptive booklet.

**UTICA TRUST
& DEPOSIT COMPANY**
 GENESEE & LAFAYETTE STS.
 EAST SIDE BRANCH BLEECKER & ALBANY STS.
 Hours of Inspection, 3 to 9:30 p. m. Monday Oct. 19th

A full page advertisement featuring the opening of a new building

"Hit Them in the Eye"—With a Picture

By H. D. KEMPERTON

WHEN DO THE BANKS break into the news pictures—that is as a rule? If you would ask most persons what pictures of banks they remembered seeing in the newspapers they would tell you something like this:

1. "The diagram illustrates the method of the robbery."
2. "Crowds of depositors in front of the _____ bank which was closed yesterday by _____ officials."
3. "Harold Martyr, youthful paying teller who absconded with \$500,000 from the _____ Bank."

Are those all the human interest events that occur in and around banks? You wouldn't blame the public, would you, if

through its mind there ran the refrain of: "Banks—robberies—runs—defaulters?" Surely this is one form of advertising the banking business—advertising whether good or bad. "Pictures talk faster than words," says an advertising expert. And another experienced advertising man says: "Most folks are visual-minded. They get their news from the headlines. To hit them with force a truth must hit them in the eye." Then they are getting the wrong kind of impressions about banks, aren't they?

Of course banks cannot keep newspapers from publishing such pictures as these when news events occur. But is it

not possible to have printed enough profitable pictures to offset all the robbery-run-thief pictures? "The mind retains what the eye enjoys," is a maxim. Then if enough eye-pleasing pictures were printed about banks the more unpleasant ideas would gradually disappear. And there are few newspapers that are unwilling to print a picture which will appeal to a great majority of their readers—or beholders if you choose.

Well, what kind of pictures does the eye enjoy? What will a paper print? Let's see what kind of pictures featuring some Chicago banks have found their way into the news columns. Note the headlines:

"Bank Opens Department for Children of Douglas Park. This showed the five-year-old who was the first depositor and the president of the New Home Liberty Trust and Savings Bank.

"Tinkle of Coins in Bank Releases Clinking of Glasses in Old Saloon." The New Devon Trust and Savings Bank Which Occupies the Site of the Old 'Last Chance Saloon.' This layout of pictures also included the children who were the first depositors and the vice-president of the bank.

"Prize Baby Gets Her \$1,000 and Deposits it in Bank." The attractive baby, her mother and the manager of the savings department of the Corn Exchange National Bank were shown making out the deposit entries.

"Deposit Gems in New Bank While on Way to Dip in Lake." Three bathing girls were pictured using the safety deposit vaults of the new Fidelity Trust and Savings Bank which is in the vicinity of two of the city's best known bathing beaches.

"Bank's Beauty Team to Enter Contest." Half a dozen pretty girls were listed for the competition at the Beauty Mart. "There's beauty as well as bonds in banks, the Great Lakes Trust Company boasts," says the line under the picture.



Four advertisements from a booklet recently issued by Edward Bird Wilson, Inc.

"Rustic Scenes in a Chicago Bank." A space four columns wide and ten inches deep was given over to pictures of over-alled girls and men with red bandannas. "Bizarre rural costumes were worn at the annual harvest dance of the Union Trust Fellowship club given on the bank floor," says the accompanying explanation. About 250 of the bank's employees participated. There were overall girls, farm apron slaves, the village Beau Brummell, the usual Keystone cop, the country preacher, and the fattest boy in town, b'gosh."

"After the Bank Fire." This showed two girls—"the heroic 'phone girl who remained at her post during blaze in Franklin Trust and Savings Bank," and of three girls carried down a ladder from the second floor by the firemen.

Do you get any suggestions from these? Did you notice that pictures of children seem to be popular?

And as to girls—the attitude of newspapers toward them is shown in a story written several years ago by a good newspaperman: If a young woman is drowned * * * and if she was pretty the city editor is glad—not that she was drowned, but that she was pretty. Or if she and several other young ladies are to dance at a fete of the sons of St. George or at a Swedish picnic

or a Persian bazaar, and she is pretty, the picture chaser gets her picture—or the staff photographer takes it—and the city editor is glad. It is a question of pulchritude and not of fate, with him. The paper must be illustrated and people like to look at pictures of pretty women."

Haven't you something about your bank that will be pleasing to "the visual-minded?"



How Banks Are Advertising

THE GIRARD TRUST COMPANY of Philadelphia recently issued a booklet giving a list of business and residential properties for sale. The booklet was circulated among the 25,000 clients of the company.

THE HIBERNIA BANK and Trust Company of New Orleans has issued two booklets descriptive of the new building which is now housing this institution. One describes the building and the other the new vaults. Both are beautifully illustrated, printed on high grade paper and follow the best traditions of typographical arrangement.

THE WOODLAWN Trust and Savings Bank of Chicago provides for its customers a combination of expense account book and check book that enables the de-

positor to keep an accurate classified account of all expenditures. Expenditures are classified under savings, food, clothing, rent, advancement, luxuries and personal.

AN UNUSUALLY attractive booklet "Follow the Lead of Leading Banks" has just been published by Edwin Bird Wilson, Inc., New York and Chicago. This agency has specialized for some years in handling the accounts of financial institutions. Reproductions of typical advertisements prepared by that organization for various clients are shown.

The cover of the booklet is orange Japanese handmade paper. Cream tinted paper stock is used inside. The cover and plates throughout are printed in black ink although a running head in orange is used which harmonizes in color with the Japanese cover paper.

A short preface, the only advertisement for Edwin Bird Wilson, Inc., reads as follows:

Good-will and a wide reputation for high-grade services or products are primary objects of modern advertising. These objects once accomplished, sales must follow naturally.

Therefore, examples of the work of this agency for banking institutions will prove interesting to men in many lines of business.

These advertisements—selected from work done by this organization for many financial institutions—reflect the dignity and stability of the banking business in general, and at the same time portray the character and the specific services of the individual institu-

(ions to which they have brought good-will, prestige and customers.

The organization of Edwin Bird Wilson, Inc. is at the service of any business enterprise of high standards desiring to achieve the highest aims of advertising.

AN UNUSUAL scheme in advertising was recently tried out by the Gotham National Bank of New York. The first moving picture put on by the Moving Picture Advertising Company, and shown on Broadway, was the picture of the construction of the Gotham National Bank building. It was displayed in front of the Columbus Circle branch of Truly Warner, immediately behind the soap box orators, and the wide sidewalk was quite crowded with the two attractions. The moving picture was alive and novel, and drew a large crowd.

THE CONTINENTAL and Commercial Banks, Chicago through their publicity department, have issued a handsome twenty-four page book, 9 x 12 inches, containing reproductions of thirty-two recent advertisements. This book was produced in response to a general request for copies of the individual advertisements and will be mailed to any bank or banker on application to the publicity manager.

A BOOKLET entitled "Between Twenty-five and Forty-five" has been issued by the Central National Bank—Savings and Trust Company of Cleveland which answers the question—"How best can I accumulate enough money on property to supply the livelihood of those who survive me?" An interesting table shows how at various ages an estate of any amount can be guaranteed to one's heirs by providing sufficient insurance to take care of taxes, and executor's fee. It is one of the most comprehensive and helpful trust booklets that has come to the attention of THE BANKERS MAGAZINE for some time.

THE CLEVELAND Trust Company has issued a small savings booklet entitled "The People

The Bedrock of Business

Better business means not only more business—more stable profits—it means higher standards of doing business.

Business standards must be such that men can trust each other. This is as fundamental to better times as sound currency, credit or banking.

When one man engages another to perform a service or deliver a commodity, he enters into a contract. If business is to be sound, that contract must be sacred to both parties as far as personal responsibility can go.

Modern business is based—not on the legality but on the sanctity of contracts—on the common faith that a business man will do what he promises. Credit rating depends on something more than a satisfactory relation between assets and liabilities.

If contracts were to become of value only through legal action, they would not be practical instruments of business—for business cannot be conducted through the agency of courts of justice.

Insistence of sellers and buyers alike that contracts of purchase are made to stand by is prerequisite to economic stability.

Business faces a long, steady climb to conditions better than it has ever enjoyed. Progress toward those conditions will be satisfactory or unsatisfactory in proportion as men and nations earn the confidence of each other by faithful observance of the letter and spirit of their contracts.

The National Bank of Commerce in New York believes that the preservation of confidence through the encouragement of sound business practices is an important banking function.

National Bank of Commerce in New York

Capital, Surplus and Undivided Profits
Over Fifty-Five Million Dollars



A single column advertisement in the *Saturday Evening Post*. A good example of national advertising by a big central bank.

Who Own the Earth" from which we quote the following extract:

Peter says:

"Oh, why bother to put money in a savings account? Wait till you get a lot and put it in big stuff. Take a chance and double your money."

You know the Peters of the world. They are always talking money in large terms, and saving not at all. The loafers' benches of the earth are crowded with Peters. They make up most of the eighty-five out of every one hundred who are partly or wholly dependent on somebody else after the age of sixty-five.

Paul says:

"I'll save what I can. I don't know of any more convenient place than the savings bank. Sure enough, four per cent. Isn't doubling your money in a hurry, but it is mighty good interest when you take into account this money is always safe and is where you can get it when you need it. And it doubles in less than eighteen years, at that!"

The Pauls own the earth. They are the men who think in terms of common sense and have the character to turn their thoughts into action.

THE SPECIAL INTEREST department of the Mercantile Trust Company of New York has issued a folder with the slogan "Save a Dollar a Day." In a graphic way each of six ages of man are portrayed showing the amount that would be accumulated if a dollar a day had been saved. A dollar a day between twenty and sixty means \$31,515.69. Think of it!

"CENTRALIZE YOUR BANKING" is a slogan used occasionally by the Central Trust Company of Illinois. It means something because of the wide range of service offered by the institution, including banking, trusts, savings, bonds, mortgages, foreign trade and commercial service.

"WHY YOU SHOULD MAKE A Will" is the name of an effective booklet, put out by the Farmers and Merchants National Bank of Benton Harbor, Mich.

"CAPITAL, SURPLUS AND ENTHUSIASM" is the title of a booklet "produced completely by the Advertising Department of the Commercial State Savings Bank, Detroit, Mich." It is an unusual story of a new bank.

A BANK is at its best exploiting the leading industry of its community. Witness the "World's Bread Basket" advertisement of the First National Bank, Minneapolis.

THE FARMERS SAVINGS AND TRUST COMPANY of Mansfield, Ohio, sends out every month several thousand leaflets prepared by Trust Officer Alfred I. Harrington. Here is the reading matter of a recent one entitled "Duty and Friendship":

THE BUSINESS OF AN EXECUTOR

is to carry out the Will. It is of first importance that the person chosen as executor can be depended upon to do his duty.

The administration of an estate is a complicated business. When

you name a relative or friend to perform this duty, you lay a heavy burden upon him. Your heirs may suffer as a result.

It is not necessary to burden your family or friends when there is a qualified trust company at hand ready to accept the responsibility.

When you name this company as your executor you have the assurance that the business is in competent and responsible hands—that your estate will receive a fearless, impartial, business-like administration.

THE UNITED STATES Mortgage and Trust Company of New York has issued a pamphlet entitled "Banking for Women" which describes the various ways in which this bank can be of service to women patrons. One interesting service provided by this company is described as follows:

A room is always at the disposal of societies, clubs and associations desirous of securing a meeting place, and the treasurers of these organizations can always count on our assistance.

BANK SERVICE, the house organ of the First National Bank of Los Gatos, contains in its September number an article headed: "When Exchanging Savings for Stocks Take Along a Banker as a Chaperon." This is good advice forcefully expressed.

THE NEW YORK Curb Market has published an illustrated booklet entitled "America's Second Largest Stock Market."

THE COMMERCE TRUST Company of Kansas City has issued a pamphlet entitled "Under One

Roof," which describes for the benefit of depositors all of the many financial services that this bank is equipped to render.

THE NORTHWESTERN National Bank of Minneapolis has published a pamphlet pointing out the value of life insurance and urging the opening of a "premium fund" in the bank's savings department.

MISFORTUNE IS NOT always profitable but in the case of an eastern bank it proved to be a good advertisement. An explosion in the neighborhood of this bank recently took off a part of the building so that it exposed the inside to public view from the street.

The next day the newspapers carried this advertisement with this startling heading:

"NOTHING TO HIDE HERE—COME WATCH US DO BUSINESS"

There followed, of course, the story of the explosion and its havoc at the bank. And then they had large signs made to resemble the advertisement they carried in the local newspapers and used these in their windows. Needless to say they got attention.

AN EASTERN bank that had a window it used for display purposes recently used a small fish tank with some gold fish in it as a center feature for a display. A few placards calling



A pleasing combination of type and illustration

attention to the value of thrift constituted the balance of the window display.

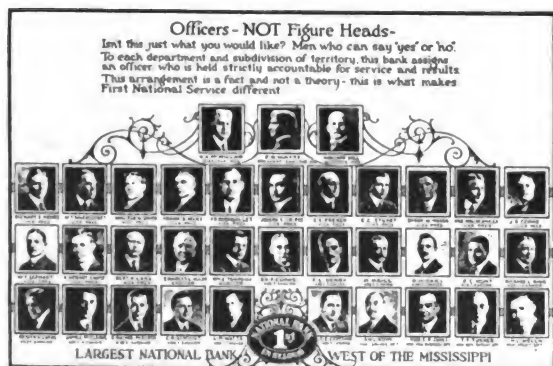
The tank was about a foot square, just a small one. At one side they had placed one of those boy dolls that are sometimes found in stores. The boy had a fish pole and line but instead of the customary hook there was a small card on which was lettered in large letters—**Banking Service**. It was arranged so that this apparent bait hung just over the water in the tank.

In the center of the window in a prominent place there hung a large sign worded as follows:

"Banking Service Will Catch Them"

THE INDUSTRIAL SAVINGS Bank of Flint, Mich., has been running in local newspapers a series of advertisements describing each of the six branches of this institution. Each advertisement shows a picture of the branch and the local manager.

AN "ACCOUNT-A-WEEK CLUB" has been formed by the Guardian Savings and Trust Company, Cleveland. Prizes are given to employees for bringing in new business and to be eligible to the club one must average four new accounts secured a month.



A unique advertisement featuring all the officers of this progressive bank

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Alfriend, R. J., Jr., asst. cash., Virginia Nat'l Bank, Norfolk, Va.
Allen, W. S., pub., mgr., Southwark Nat'l Bank, Philadelphia, Pa.
Anderson, R., asst. cash., Norwood Nat'l Bank, Greenville, S. C.
Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B

Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
Banco di Roma, head office, Rome, Italy.
Banco Mercantil Americano del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Baty, E. N., mgr. new bus. dept. Englewood State Bk., 63d St. & Yale Ave., Chicago, Ill.
Bauder, R. E., Union Bank Bldg., Chicago, Ill.
Baughner, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Berry, C. F., adv. mgr., Union Trust Co., Detroit, Mich.
Bell, H. W., dir. serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Blze, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Block, R., pub. mgr., Citizens Trust Co., Buffalo, N. Y.
Bolla, Rodolfa, American representative, Banco di Roma, 1 Wall St., N. Y.
Boyd, W. A., vice-pres., 1st Nat'l Bank of Ithaca, N. Y.
Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V.-P., Pennsylvania Nat'l Bank, Chester, Pa.
Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.

C

Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
Clabaugh, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
Craty, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.
D
Davv, C. C., Atty. East Side Svgs. Bank, Rochester, N. Y.
Dayton, T. S., pub., mgr., Guaranty Tr. Co., N. Y.
De Beblan, A., adv. mgr., Equitable Tr. Co., N. Y.
Delly, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
Delson, L. E., pub. mgr., Central Tr. Co., of Illinois, Chicago, Ill.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E

Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.
Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.

Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F

Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.

G

Garner, P., pub., mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
Gatling, N. P., V. P., Chatham & Phenix Nat'l Bank, N. Y.
Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, N. Y.
Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
Gonthier, H. G., dir. pub., Bank of Hochelaga, 112 St. James St., Montreal, Que.
Grimm, H. B., mgr., bus. ext. dept. Security Tr. Co., Detroit, Mich.

H

Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Hammond, R. P., bus. serv. dept., Second Ward Securities Co., Milwaukee, Wis.
Hamsher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
Handerson, C. H., Union Tr. Co., Cleveland, O.
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Heuchling, F. G., vice-pres., Northwestern Tr. & Svgs. Bank, Chicago, Ill.
Higgins, A. E., adv. serv., 2929 B'way., N. Y. C.
Higley, J. N., adv., dept., 1st Nat'l Bank, Youngstown, Ohio.
Hirt, E. C., Banco Hispano Sulizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
Hodgins, J. H., pub. dept., Union Bank of Canada, Winnipeg, Manitoba, Canada.
Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
Hosbach, J. T. A., 4th St. Nat'l Bank, Phila. Pa.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
Hunter, H. G., vice-pres.; treas., Kansas City Terminal Tr. Co., Kansas City, Mo.
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

I

Izant, R. J., adv. mgr., Central Nat'l Bank Svgs. & Tr. Co., Cleveland, Ohio.

J

Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
Johnson, E. W., Warren Nat'l Bk., Warren, Pa.
Johnson, S. W., mgr., new bus. dept. Seaboard Nat'l Bank, Norfolk, Va.
Johnson, W. H., Jr., adv. dept., Marine Tr. Co., Buffalo, N. Y.
Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

K

Keeton, M., mgr. svgs. dept. Merchants & Farmers Bank, Meridian, Miss.
Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L

Langstroth, E., New York Trust Co., N. Y. C.
Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
Lerner, V. A., comp., Williamsburgh Svgs. Bank, B'way. & Driggs Ave., Brooklyn.
Lyons, W. S., Union Trust Co., of D. C. 15th & H Sts., Washington, D. C.

M

McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
 McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
 Malcolm, S. D., gen. mgr., adv. dept., American Express Company, N. Y.
 Matthews, H. B., adv. mgr., S. W. Strauss & Co., 5th Ave. at 46th St., N. Y. C.
 Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.
 Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morrish, W. F., vice-pres., Security Bk. & Tr. Co., San Francisco, Cal.
 Morrow, P. E., care of Hackney & Moale Co., Asheville, N. C.
 Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.
 Muralt, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.

N

Newton, E. V., mgr. bus. dept., Garfield Svgs. Bank, Cleveland, Ohio.
 Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.

O

Oakes, R. W., asst. secy., Watertown Savings Bank, Watertown, N. Y.
 Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P

Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Poole, John, pres., Federal National Bank, Washington, D. C.
 Potter, H. E., asst. cash., Citizens Commercial & Svgs. Bank, Flint, Mich.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R

Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
 Reese, R., Minnesota Loan & Tr. Co., Minneapolis, Minn.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N. Y. C.
 Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr., new bus. dept., American Nat'l Bank, Richmond, Va.

S

Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Sciater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellow, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Sherrill, W. M., Wyoming Nat'l Bank, Wilkes-Barre, Pa.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
 Simons, M. M., asst. treas., Farmers & Merchants Tr. Co., Greenville, Pa.
 Sloan, L. H., Nat'l City Bank, N. Y. C.

Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept. Industrial Svgs. Bank, Flint, Mich.
 Smith, E. L., asst. cash., American Tr. & Bkg. Co., Chattanooga, Tenn.
 Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.
 Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stein, R., asst. cash., American Union Bk., N. Y.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n., South Bend, Ind.
 Strelcher, J. H., new bus. dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.
 Sullivan, T. J., pres., American Press League, 11 S. LaSalle St., Chicago, Ill.

T

Tait, A. Gordon, pub. mgr., Royal Bank of Canada, Montreal.
 Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
 Thurston, W. B., Jr., mgr. for. dept. Merchants Nat'l Bank, Baltimore, Md.

V

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W

Wadden, J. W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.
 Wadden, T. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
 Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
 Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
 Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
 Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
 Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
 Woolford, Withers, Bank of America, 40th St. & Madison Ave., N. Y. C.
 Wormwood, C. K., adv. mgr., 1st Nat'l Bank, Haverhill, Mass.

Z

Zambrano, A., Jr., care of A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.
 Zimmer, C. R., 1st Nat'l Bank, Emporium, Pa.
 Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
 Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.

NEW NAMES

Adams, F. C., mgr. pub. dept., Nat'l Bk. of Kentucky, Louisville, Ky.
 Baley, J. S., mgr. dept. analysis, Nat'l Bk. of Republic, Chicago, Ill.
 Haggerty, L. A., asst. treas., Anthracite Tr. Co., Scranton, Pa.
 Merrill, R. E., Gardner Tr. Co., Gardner, Mass.
 Peede, L. G., bk. serv. dept., Abbott-Brady Prtg. Corp., 460 4th St., San Francisco, Cal.
 Sinter, W. H., 122 Dithridge St., Pittsburgh, Pa.
 Spencer, L. F., V. P., 1st Nat'l Bk., Ridgewood, N. J.



Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

The Human Equation in Banking

THE article which won first prize in the recent Prize Essay Contest conducted by THE BANKERS MAGAZINE, "The Human Equation in Banking," by Glenn G. Munn, has received wide attention throughout the world, as is well evidenced by this translation which is shown here and which appeared in a Chinese publication.

It was first published in a Japanese magazine and was later translated into

Material satisfaction does not always bring with it the more subtle ingredients necessary to satisfy the human side of life.

What is the present situation under which our bank employees work and live? If a careful canvass of the situation should be taken, it will be found that, after all, the human side of the life of bank employees is not altogether complete or satisfactory. Since our banking business has not been established very long, the dissatisfaction of the employees of our banks is not so urgent as that among our American and European brothers. The human welfare of bank em-

銀行員待遇改良法

高 麗

以我國今日之現狀而觀。銀行員所受待遇亦已不薄。然細加考察。未必盡然。蓋人之生活有物質與精神之別。若物質生活豐盛者。精神生活未必滿足也。今日銀行員所處之境遇若何。試一反省。未有一懷然悟其精神生活之缺陷者。我國銀行業之發達。歲月尚遠。銀行員所受痛苦。亦遠不如歐美之甚。故待遇方法。務使精神與物質調和而已。本館係美國紐約銀行雜誌。經徵文第一等當選論文。原名 The Human Equation in Banking。原著者為紐約 Chase National Bank 行員 Glenn G. Munn 氏。其全篇主旨。在調和物質生活與精神生活之一點。記者譯自東鏡雜誌。而已。幸讀者匡正之。願主與雇員之關係。漸形親睦。故非通言指導之

不可。就銀行員直接接觸於銀行之營業者。其態度如何。影響於銀行業之進行。決非淺鮮。雇主為支配銀行業者。故其間有利害關係。當如何使之調和。實為重大問題。況大規模之銀行。往往使雇員處於不利地位。蓋銀行之規模愈大。則其分業之趨勢亦愈甚。其複雜之規則。漸趨於單調。而對於事業士之各種精微考索。勢有所不能。行員對於全部之營業。其趣味淡薄。日常所為者。止限於局部之事務。蓋銀行之事務。十之九為規律的。部分的。而其他關於建設創造者。則幾乎全無。經理或專門家處理之高級行員。對於低級行員接觸之機會漸少。因之低級行員之功過賞罰。及人才位置。皆乏適當之標準。況高級行員之位置。以銀行數之減少而受影響。故令位置有餘。往

銀行月刊 第一卷 第五號 銀行員待遇改良法

This is the first page of "The Human Equation in Banking" reproduced from the Chinese magazine in which it was published after appearing in *The Bankers Magazine*

Chinese by A. Lo. The editor's note which appeared with the article in the Chinese publication given here was translated by C. H. Wang:

Although bank employees in China seem to have been accorded fair treatment by their employers, a closer examination of conditions will reveal the fact that, perhaps, some reservation ought to be made. There are two aspects of life which should receive equal attention: the material and human.

ployees must receive consideration as well as the material.

This article is a translation of a first prize essay that recently appeared in THE BANKERS MAGAZINE of New York. Its original title is: "The Human Equation in Banking," by Glenn G. Munn of the Chase National Bank. The chief purpose of this article is to show how the human and material aspects of life can be harmonized. The article has been translated from the Japanese for the purpose of spreading the new idea among our Chinese readers.

How the Telephone is Furnishing a Safe Basis for Profitable Investment

By D. F. Houston

For many years THE BANKERS MAGAZINE has called attention to the desirability of a more extended ownership of the great industries of the country—such as offered a dependable basis of security combined with a fair rate of profit. Of these industries the telephone may be regarded as typical, since it has come to represent an essential element in the conduct of business and in social life. It is a source of special satisfaction that the story of the development of this great industry has been told in the following article by the former Secretary of the Treasury.—EDITOR.

HOW many people are there who realize the magnitude, the complexity and the strength of the system or organization of which the handy, modest telephone instrument on their table or wall forms an essential part? To most of us, is not the telephone system mainly an instrument and a wire running somewhere, to a girl sitting somewhere, about whom we may complain if we do not instantly get what we want, even though the fault may be ours? The telephone is a very familiar thing—now. It is with us always, everywhere. The whole business seems very simple—just an instrument, a wire, and a girl. It is easy to imagine that locomotives or automobiles require an elaborate plant for their production, involving much capital and large operating expenses. They are big, impressive things. So are steamships, and clearly they require big plants and an elaborate organization. It is difficult to see how the telephone can involve much of either.

But it does. Let us see. Let us note the leading items. Let us take first the organization.

TELEPHONE ORGANIZATION

The American Telephone and Telegraph Company is the parent company. There are twenty-six operating associated companies, and there is the Western Electric Company. The parent company owns eighty-nine and one-half per cent. of the voting stock of the associated companies and ninety-eight per cent. of that of the Western Electric. It owns directly, and operates, the long-distance lines connecting the territories of the various district or local operat-

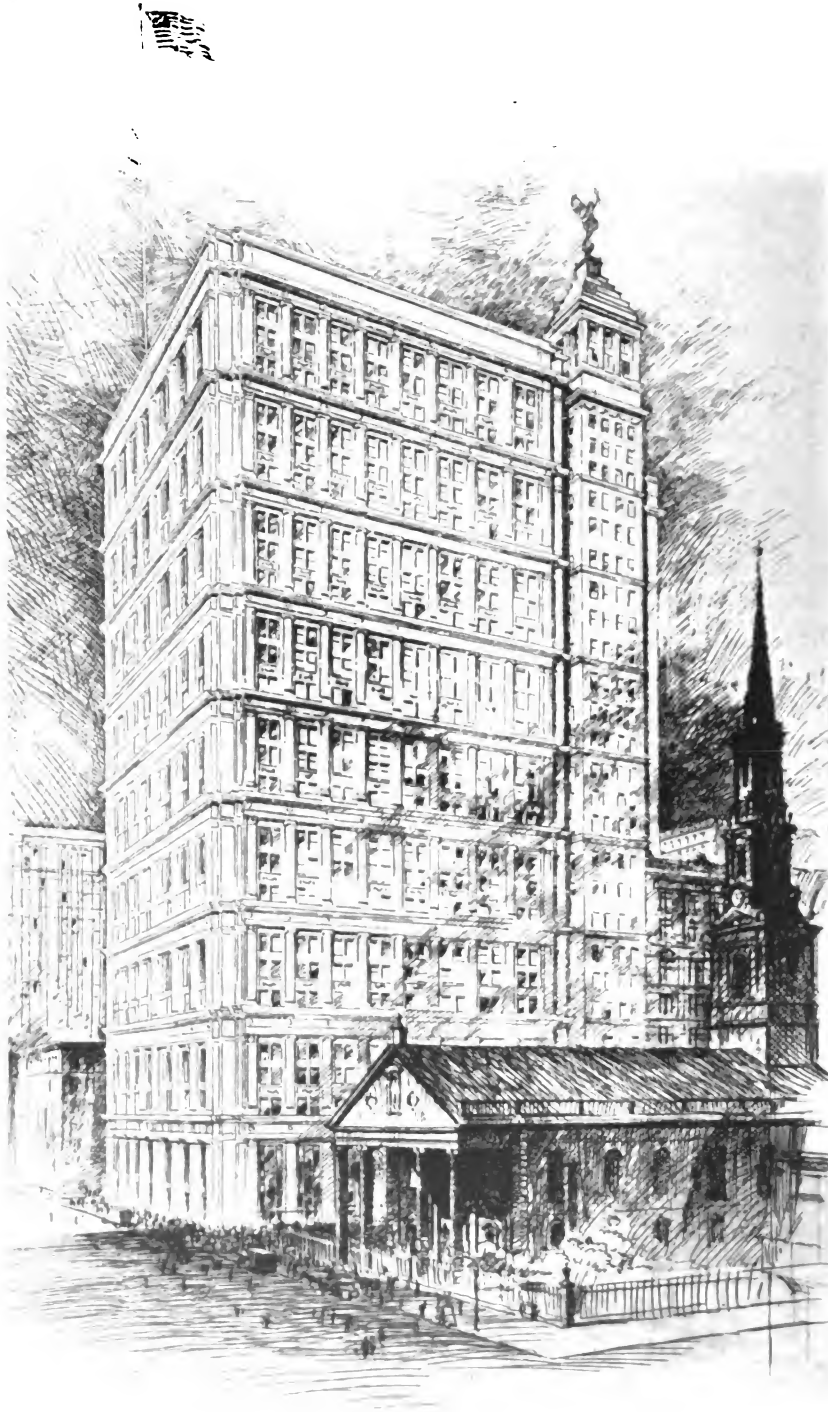


UNDERWOOD & UNDERWOOD, N. Y.

H. B. THAYER

President American Telephone and Telegraph Company

ing companies. Through the Western Electric Company, it manufactures and furnishes the telephones and other apparatus and it keeps the telephones in repair. It maintains one of the most extensive research establishments in the world, employing for this purpose 2,800 persons, of whom 1,100 are engineers, chemists, physicists and other scientists. These are engaged in technical engineering research in the field of telephony and telegraphy, including



Building of the American Telephone and Telegraph Company at 195 Broadway as it will appear upon completion of construction under way



● UNDERWOOD & UNDERWOOD, N. Y.
W. S. GIFFORD
Vice-president in charge of accounts and finance



N. T. GUERNSEY
Vice-president and general counsel

radio communication, and their development.

The American company furnishes to the associated companies rights under all patents owned or controlled by it; the right to use all improved apparatus and methods; a guarantee of freedom from royalties, damages and expenses on account of patents; expert advice in engineering, plant, operation, patent, legal, commercial, financial and administrative matters; advice, cooperation and support in personnel, health and welfare, including pensions and death and disability benefits; and the right to extend to connecting companies engineering and other technical advice and information. These services increase year by year. It is difficult to determine the cost or value of some of them. Of others a close approximation can be given. In 1920 the use of patents owned by the American Telephone and Telegraph Company, of which the use to associated companies is exclusive, saved in cost of plant construction over \$19,000,000, and in plant previously

constructed over \$20,000,000, in annual charges. It is estimated that the services to the associated companies make it possible for them to furnish service to the public at twenty-five per cent. less cost at least than it could otherwise be furnished. No district or local telephone company could do these things for itself. It is because of them that there is not only a nation-wide telephone service but also the cheapest, best and most widely used service in the world.

The associated companies—such, for instance, as the New York Telephone Company, the Bell of Pennsylvania, and the Southwestern, the Northwestern, the New England, and the Mountain States Bell companies—each with its own complete organization and plant, own and operate the local telephone exchanges and toll lines.

WIDE DISTRIBUTION OF OWNERSHIP

The parent company—that is, the American Telephone and Telegraph Company—is the principal financing



● PIRIE MACDONALD, N. Y.

J. J. CARTY

Vice-president in charge of development and research



● UNDERWOOD & UNDERWOOD, N. Y.

B. GHERARDI

Vice-president and chief engineer

agency of the Bell system. It invests the proceeds of the sale of its own securities in the stocks, bonds and notes of the operating companies. Some of the associated companies have issued their own stocks, bonds and notes, which have been bought by the public. The savings of several hundred thousand men and women, of every walk of life, scattered throughout the Union, have built the Bell system. More than 175,000 individuals own American Telephone and Telegraph stock, of whom over one-half are women. Included therein are more than 23,000 employees of the system who are now stockholders, and, in addition there are over 75,000 paying for stock on an easy payment plan. Comparatively speaking, there are no large stockholders. No one person owns as much as one per cent. of the total stock. Over 60,000 own from one to five shares each, and nearly 140,000 own twenty-five shares or less.

THE COMPANY'S FINANCIAL POSITION

The total par value of the American Telephone and Telegraph stock outstanding is approximately \$534,000,000. For this stock, the company received more than \$571,000,000 and, therefore, there were capital stock premiums in excess of \$37,000,000.

The company pays its dividend on a par value of \$100, but there is much more than \$100 earning that dividend. There is, as has been said, approximately \$37,000,000 of stock premiums. Furthermore, the company has never paid out all its earnings in dividends, but has pursued the policy of using part of them in expanding and improving property. So it has come about that surplus and reserves of \$154,565,113, or \$35 a share, have been accumulated and have been invested for the stockholders. Most of this capital and surplus is invested, as has been said, in stocks of associated companies. Many



● UNDERWOOD & UNDERWOOD, N. Y.

E. K. HALL

Vice-president in charge of personnel and public relations



● MOFFETT, CHICAGO

E. S. WILSON

Vice-president in charge of revenues

of these have had periods in which they paid no dividends, leaving their earnings in the business, and other periods in which they left part of them in the business. The parent company's interest in the amount so accumulated is equivalent to \$67 a share of its capital stock, which, with its own surplus and reserves (\$35 a share), makes nearly \$200 in assets for each \$100 par value of its stock. While the dividend paid is at the rate of nine per cent. a year, the rate on the real value of each share of stock is less than five per cent. The fact that there are \$2.00 of assets behind each \$1.00 par value of stock, gives the company's stock and securities a very strong foundation and a high degree of safety; and, since the real value of the property is the only legal and fair basis upon which to figure a return, it is clear that, even with dividends on the par value of stock at nine per cent., there is no basis for criticism while the return on the true value is less than five per cent. It

might be justly charged that these rates are too low, especially in view of present money rates and the known determination of legal bodies. Present money rates would suggest not less than eight per cent. or ten per cent. on the value of the property, and Congress in the Transportation Act decreed that a fair return on railroad property as a whole should equal from five and a half to six per cent. and that rates should be fixed accordingly. It may be added that the assets of the associated companies so far exceed their capital that eight per cent. on their investment as a whole would produce enough to pay ten per cent. dividends on the par value of their stock, with a fair margin, and yet no associated company pays more than eight per cent. dividends.

The American Telephone and Telegraph Company, as well as each associated company, must be allowed a fair rate of return on the value of the property, and must be in position to declare



Walker-Lispard Building containing the world's largest long distance office



• UNDERWOOD & UNDERWOOD, N. Y.

F. A. STEVENSON

Director long lines department

reasonable dividends. It is essential that each be in position to attract new money, to take care of new business by the sale of stocks and securities.

PHYSICAL PROPERTY REQUIRED FOR EFFICIENT TELEPHONE SERVICE

It is difficult in words to convey an impression of the immense physical property necessary for the rendering of a nation-wide telephone service. The mere statement that the value of the property is approximately \$1,500,000,000, impressive as this figure is, does not assist greatly. The mind needs a view of concrete things. There are many very notable physical units, but the public rarely gets a glimpse of them. The public—even many of the stockholders—rarely see any impressive part of them. A few people see the dignified and impressive general office building at 195 Broadway and the highly interesting operating building at Walker street, New York city, a building which,



• UNDERWOOD & UNDERWOOD, N. Y.

DAVID F. HOUSTON

President Bell Telephone Securities Company

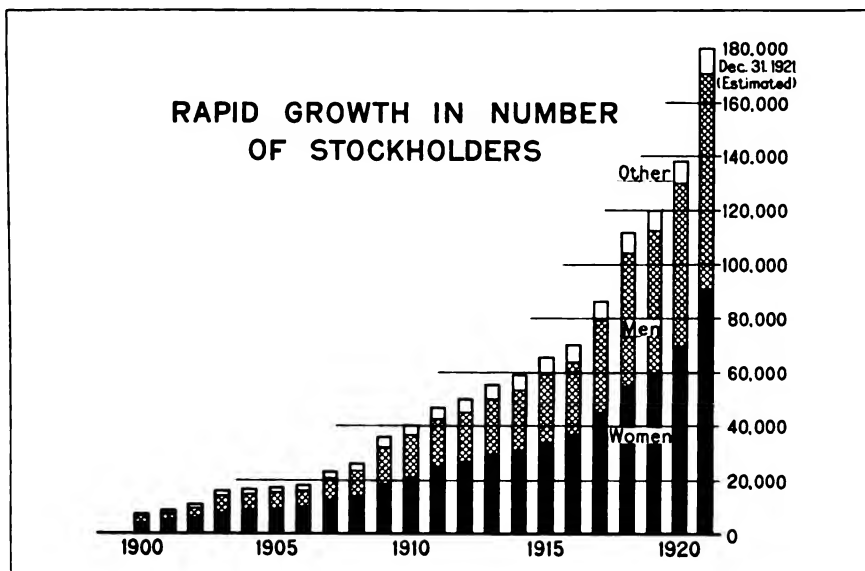


M. C. RORTY

Vice-president Bell Telephone Securities Company

in a certain sense, is the heart of the nation, with wires radiating to every corner of it. Here 35,000 outgoing and

incoming long distance calls are handled daily, requiring 456 switchboard positions and an operating force of 1,300



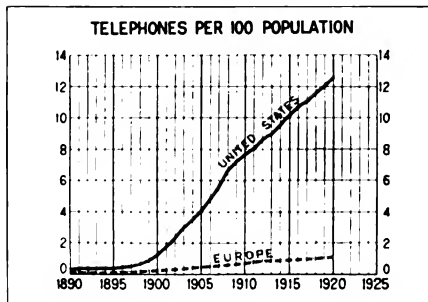


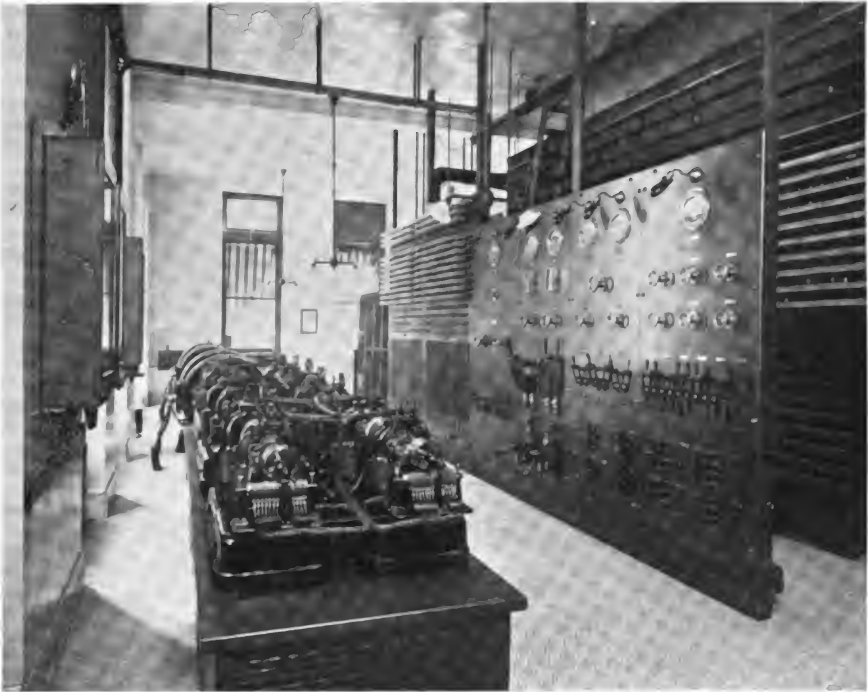
Large toll switchboard in operation

people. It may help to give some idea of the physical building plant by stating that, if all the buildings of the Bell system were gathered together, they would make a city of about the size of Richmond, Virginia. There are used in the system more than 25,000,000 miles of wire, requiring 400,000 tons of copper and 450,000 tons of lead and tin, of which about 16,000,000 miles are underground and of which over ninety-five per cent is copper. The transcontinental line alone—3,400 miles in length—necessitates the use of 13,600

miles of copper wire, weighing 2,960 tons, and 130,000 poles. The duct space for carrying cables underground would reach more than six times through the earth from pole to pole.

The Western Electric plant at Hawthorne, Illinois, itself, is an impressive physical exhibit. It covers 211 acres and is the largest telephone manufacturing plant in the world. It manufactures every kind of telephone and telegraph apparatus, including cables. The telephone apparatus shops contain 1,170,000 square feet. They produce annually over 7,500 switchboard sections and 1,400,000 telephones, over 1,000,000 switchboard relays and 9,000,000 jacks. During the year ending June 30, 1920, it used 3,500,000 pounds of copper; 18,000,000 pounds of steel; 100,000,000 pounds of lead; 10,000,000 pounds of brass; 9,000,000 pounds of cable paper; 2,000,000 pounds of silk and cotton yarns; 1,000,000 pounds of antimony; 20,000,000 pounds of galvanized iron and steel wire and strand; 24,000,000 pounds of pole line hard-





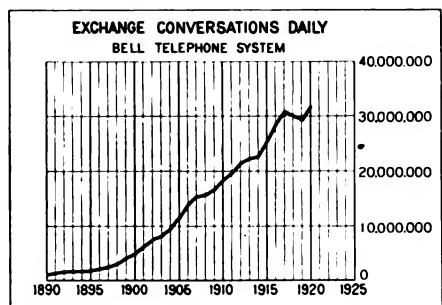
Power plant for large central office showing generators, ringing machines and switchboards

ware; 24,000,000 feet of lumber; 12,000,000 feet of clay conduits, and 10,000,000 glass insulators. In its operations it consumes annually over 17,000,000 kilowatt hours of electric current—enough to light a city of 500,000 people—and 334,000,000 cubic feet of gas—enough to supply a city of 200,000 people with light and with cooking fuel for two months. The sales of the company billed out during 1920 were \$206,000,000—\$114,000,000 to Bell companies and \$92,000,000 to other customers. Its unfilled orders at the end of the year aggregated \$83,000,000.

GROWTH OF THE BUSINESS

The increase of plant and number of subscribers has been phenomenal. The business has grown rapidly. It grows in times of depression as well as in times of prosperity. The demand for the telephone, like that for most absolute necessities, is what the economist, speaking relatively, calls inelastic. People must have it. It has become, like

the automobile, an American habit. Both of these utilities appeared as toys in the memory of men of middle age. In 1876 Alexander Graham Bell discovered the device for transmitting speech by wire. On January 1, 1877 there were 2,593 telephones in use. The number in the Bell System, including the connecting companies steadily rose to 200,000 in 1890; 900,000 in 1900; 5,900,000 in 1910, and 12,600,000 in 1920. The average annual increase for the Bell Companies alone is about 500,000. In 1920 the number increased 594,820.





WESTERN ELECTRIC COMPANY.

The world's largest plant for the manufacture

There was in that year a Bell or Bell connected telephone for every nine persons in the United States, and there were approximately 33,162,000 daily

connections handled by the Bell Companies. Today the United States with only one-sixteenth of the world's population has sixty-four per cent. of the world's telephones: Europe has only twenty-five per cent.

The United States, with this percentage of devices for speech communication, with over eighty per cent. of all the automobiles in the world, and with one-third of all the railroad mileage, has its people more intimately in touch than any other nation in the world, and enjoys a corresponding advantage in the transaction of business.

The expansion will continue. The telephone habit is growing. The nation is growing. It gained approximately 16,000,000 between 1900 and 1910, and 29,700,000 between 1900 and 1920. It will gain from 25,000,000 to 30,000,000 people in the next twenty years.

CAPITAL REQUIRED FOR EXPANSION OF THE SYSTEM

It has required great sums of money to develop the enormous necessary phy-



Rear view of toll switchboard

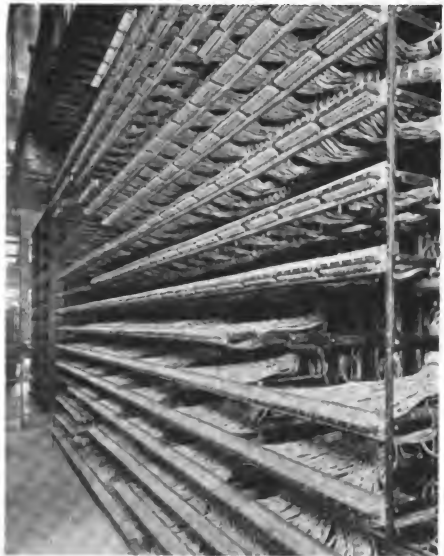


HAWTHORNE, ILLINOIS
of telephone apparatus and supplies

sical plants. It will continue to require large sums annually to take care of the expanding business. The net plant additions in the year 1920 represented a cost of nearly \$148,000,000, including the following items, in round numbers: real estate, \$12,811,000; equipment, \$42,676,000; exchange lines, \$31,047,000; toll lines, \$32,987,000; construction work in progress, \$28,360,000. The net plant additions in the twenty years since 1900 cost over \$1,182,000,000, ranging annually from \$26,637,000 to nearly \$148,000,000. It costs \$250,000 to print the Philadelphia Telephone Directory, with its 360,000 listings at every issue, and \$1,000,000 a year to print and distribute the two issues of the New York Telephone Directory.

The system must have nearly \$200,000,000 a year to meet new demands and to provide new plant, additions and replacements. Some of this is met by salvage of plant taken out of service; some from cash received from subscribers and set aside for depreciation, and some from undivided profits, but

there is still left from \$70,000,000 to \$90,000,000 a year to be raised by the sale of stock or securities. It needs to be emphasized that this new capital is



A distributing frame



Splicing an underground cable

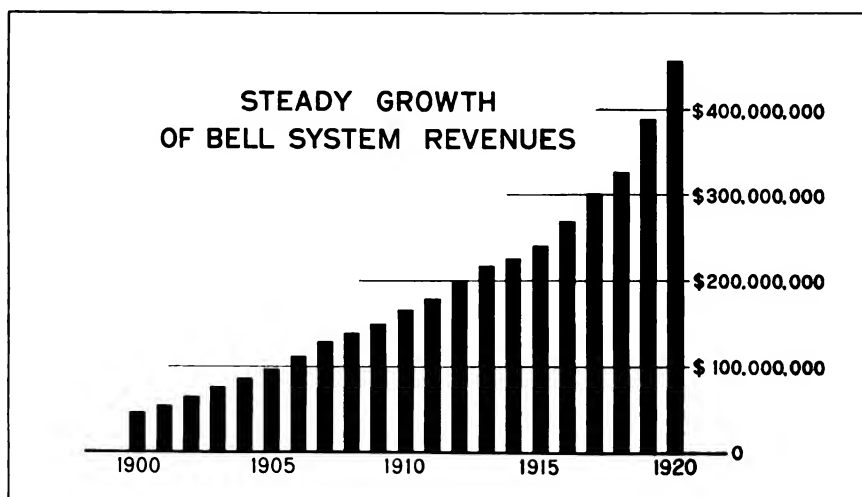
to take care of new business which will be at least as remunerative as that now done. This is an investment—a necessary and highly desirable one.

Growth and construction in the telephone business are continuous. Each addition is to take care of new subscribers, and there is this interesting and distinguishing fact: each addition takes care of itself financially. Therefore, that large sums are required annually, much of which must be raised

by the sale of stocks and securities, is an element of strength and not a matter for apprehension.

The steadiness and stability of growth of the Bell system are paralleled by the relative steadiness of the market price of its stocks and bonds. This is revealed in the accompanying diagram covering a very abnormal period:

They are reflected also in the record of earnings and dividends of the American Telephone and Telegraph Com-



pany. For the past twenty-one years its net earnings, after providing for the interest due, have averaged \$10 a share a year. For forty years the American Company and its predecessors have paid dividends of not less than \$7.50 a share a year; for more than fourteen years, of not less than \$8 a share; and the rate at present is \$9; and year after year, the earnings remaining after the payment of dividends, and the capital stock premiums have been kept in the business as surplus and reserves, and have been invested in new telephone property.

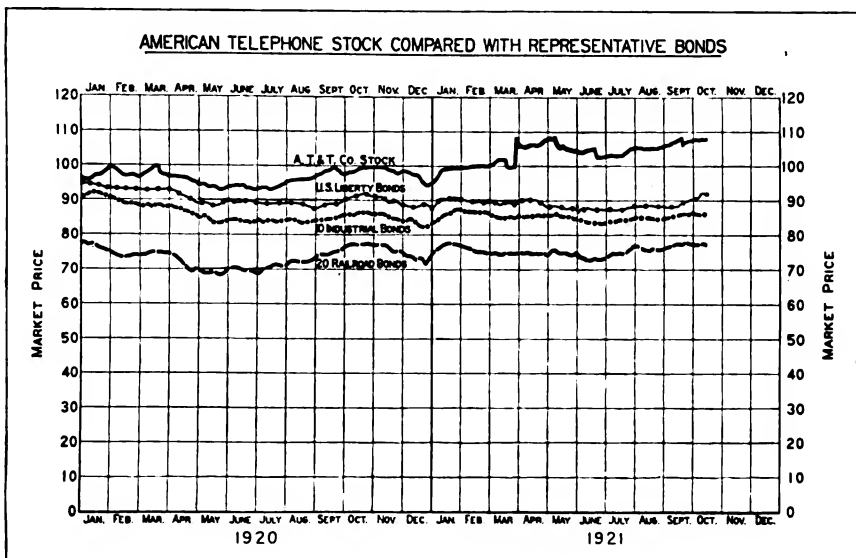
There is also this distinguishing fact about telephone securities: they constitute a diversified investment, free from the disability which obtains in the case of the securities of many companies circumscribed locally and subject in large measure to the hampering influence of drastic industrial changes. Telephone securities are the offerings of a nationwide system, highly diversified, dependent on no one industry or section of the nation, the outgrowth of a service which is indispensable and for which there can be no substitute when privacy of communication is desired. They are investments and not speculations.



Loading manhole, showing loading coil cases, racking of cables, and at far end, cables entering ducts

ASSURANCES OF FINANCIAL STRENGTH

These, then, are the items and guarantee of financial strength of the Bell





Subway construction, laying tiled ducts

system, which investors naturally consider:

(1) Sound and efficient management, evidenced by the record and widely rec-

ognized, having a high regard for the public interest.

(2) A nation-wide service for which there is no substitute, embracing nearly 13,000,000 subscribers, reaching 107,000,000 people more intimately and frequently than any other agency, public or private.

(3) A steady and rapid growth which must, of necessity, continue.

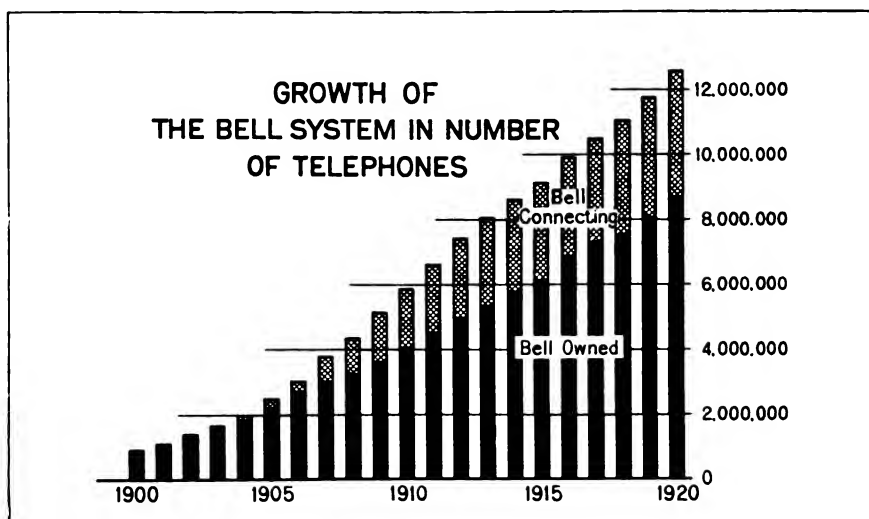
(4) An unusually satisfactory record of dividend payments at reasonable rates.

(5) Economy through the manufacture by its own agencies of the latest and standardized instruments and supplies, and through the ownership and provision of patent rights and guarantees.

(6) The conduct of research into all the problems of telephony, wire and wireless, on a scale not attained by any other agency engaged in comparable activities.

(7) A wide and growing distribution of stock among the public and its employees, a result which is wholesome sociologically and helpful financially.

(8) A steadily improving relationship not only with the people generally but also with the public service regulatory bodies.



A Co-operative Movement Among Interior Banks

A PLAN of cooperation to enable every interior bank in the United States to supplement its service and retain and increase its deposits was launched in New York last month when Associated Bankers Corporation opened headquarters at 35 Wall street.

The purpose of the corporation is to enable the country banker, through voluntary association, to furnish every legitimate, needed service which is now offered to his customers by the banks of the great financial centers.

The corporation's official prospectus, a model of brevity, outlines the services and purposes of the organization as follows:

"Associated Bankers Corporation will furnish a nationwide market for immediate discount of its member-banks' acceptances; will buy commercial paper of its member-banks' customers in excess of the local bank's loan limit; will underwrite local issues of bonds and preferred stocks, in which underwritings member-banks may participate; will have varied offerings of long and short-term investments always available at best prevailing rates for members' idle funds.

"Associated Bankers Corporation is to be a national institution with directors in every part of the United States. It will supplement, not compete with, local banking service; will enable member-banks to serve their customers' largest needs, and thereby retain and increase local bank deposits; will make possible direct interchanges of members' seasonal and regional credit; will secure to members the financing power of collective resources without loss of autonomy.

"The corporation, for administrative convenience, will operate from New York, but its objective is to build up and promote the interests of the local bank in its own community."

The moving spirit of Associated

Bankers Corporation is John T. Manson, president of the First National Bank, New Haven. Mr. Manson carried on the organization work quietly in Connecticut for a year, demonstrating the demand in his own state for



The Associated Bankers Corporation is located at 35 Wall Street, on the ground floor of the second building from the left, the first being part of the Equitable Trust Company Building. J. P. Morgan & Co. is on the right with the new addition of the New York Stock Exchange in the background.

such an association before deciding to extend its scope nationally.

Mr. Manson has been known as a successful banker and a leading citizen in New England. He is prominent in several national organizations and a director in many important corporations, but he has been less advertised than many men with smaller interests because he has persistently avoided personal publicity.

The entry of Mr. Manson into bigger affairs dates back to Grover Cleveland's trusteeship of the Equitable Life As-



JOHN T. MANSON

Chairman of the board Associated Bankers Corporation; president First National Bank, New Haven, Conn.

insurance Society. Mr. Cleveland, in picking a director for the Equitable from Connecticut, had before him a list of twenty-five bankers and business men from that state. He consulted a personal friend especially familiar with the qualifications of the list, and finally settled upon Mr. Manson, who was then president of the Yale National Bank. This bank was merged later with the First National, of which Mr. Manson is president.

Mr. Manson started work at sixteen in the office of H. W. Benedict & Son, wholesale coal dealers in New Haven. In thirteen years he had climbed to a partnership and later became head of the business, now Benedict, Downs and Company. He has other coal interests, as indicated by his directorship in the Maryland Coal Company and the Simpson Creek Coal Company. He is largely interested at Niagara Falls in the electro-chemical industries, being

a director and vice-president of the Niagara Alkali Company and the Electro-Bleaching Gas Company. He organized and is president of the New Haven Morris Plan Company and is a trustee of the Morris Plan Trustees' Association. He is vice-president of the National Savings Bank of New Haven and of the Connecticut Mortgage and Title Guaranty Company.

Like most big men, Mr. Manson has a larger interest than business, his being the advancement of a practical, modern religion. Having been brought up a Presbyterian, and there being comparatively few Presbyterians in New England, his church work has attracted less attention at home, but every active Presbyterian in the country knows him as the chairman of the New Era movement. He is also a trustee of the Presbyterian Home Missions Board and a trustee of Lafayette College. He would be classed as a "good Republican," although never an office holder nor an active participant in politics.

It can be readily seen that before expanding Associated Bankers Corporation into a national institution it was necessary for Mr. Manson, with all his other interests, to find the right man on whom to unload the executive detail. He finally settled upon Clarence M. Sherwood, one of the younger New York bankers, who received his training in the Chemical National and National City Banks and who was called to the presidency of the Foreign Trade Banking Corporation during the crisis in 1920. Under Mr. Sherwood a strong staff is being organized to take hold of administration and by the time the capital is fully subscribed, the machinery will be ready to function. The headquarters on the ground floor of 35 Wall street, in the very center of the financial world, will permit expansion in this favorable location.

Mr. Manson, in an interview, said:

"I have no criticism of the methods nor of the purpose of the big-city institutions which come into the smaller communities seeking deposits. They do so legitimately, on a competitive basis, offering service which the country bank-

er does not, and perhaps believes he cannot, furnish; and they will necessarily find a field in the country banker's territory so long as the local bank does not take care of all of its customers' requirements.

"Associated Bankers Corporation is built of the belief that the local bank is the blood and sinew of the nation's financial system, and that its position should be maintained and strengthened. Every local banker knows that his institution cannot exist and prosper unless it receives the deposits of its community, and that it cannot enjoy full local support unless it can furnish the service offered by its competitors. Every local banker knows that unless he can keep and increase deposits as his community grows, it is only a question of time when his bank will be struggling for bare existence, or will find it desirable to submerge its identity in a consolidation.

"We believe that through voluntary association a large number of interior banks can be brought to realize and utilize the power of their collective resources, functioning through an agency of their own. We purpose to supplement local bank service without introducing competition for deposits, without adding to the local bank's contingent liabilities, and without depriving the local bank of its autonomy.

"So long as the country banker fails to place himself in a position to meet every justified requirement of his customers he can have no reason to complain of the traveling representative of the big-city institution soliciting deposits in his territory. On the other hand, large city banks should not resent the country banker's placing himself in such a position as will enable him to meet outside competition. Just as the Federal Reserve has brought elasticity and stability, so we believe a successful movement to maintain the integrity of the local bank and check the centralization of deposits in a few cities will result in a sounder and more useful financial structure, to the ultimate benefit of the city bank as well as the country bank.

"The local banker's problem—how to carry the customer's peak load—is ever



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CLARENCE M. SHERWOOD
President Associated Bankers Corporation

before him. For example, he may be situated in a small manufacturing town where available deposits may not justify a banking capital and surplus of more than \$500,000. He may have as customers five manufacturers whose justified lines of credit would average \$250,000. Here then, are lines totaling \$1,000,000 which must be satisfied through some other channel. The local manufacturer is likely a stockholder or a director in the local bank and would prefer to build up the home institution, but in his need he goes to one of the great financial institutions away from home where he can obtain the \$200,000 or more, if justified. Average balances of twenty per cent. on these lines of credit aggregating \$1,000,000, or \$200,000 in deposits, go out of the home bank.

"The local banker may have considered the facilities at his command of accepting up to his limit for these large customers, and he may have found his acceptances marketable at a disadvan-



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ARTHUR C. QUANTON
Secretary Associated Bankers Corporation

tageous rate because his institution was not so widely known.

"He may have suggested to these large customers that they sell their commercial paper to cover their additional lines, and he may have offered to send it for them to one of the many strong commercial paper houses. But has he stopped to think whether, by this procedure, he is keeping the business within the zone of his own influence, and, perhaps more important, whether it is earning for his bank a legitimate profit? He is not a stockholder in the commercial paper house and he gets no profits from passing along his customers' paper. The commercial paper house in one of the great financial centers is likely sooner or later to suggest to the customer that it would be well to carry a balance in that city for liquidation of his maturities.

"Another situation frequently confronting the interior banker is his large customers' requirements for capital fi-

nancing. The country banker may or may not wish to participate directly or indirectly in the distribution of bond or preferred stock issues, but we must face the fact that the handling of a community's investment requirements is becoming more and more a recognized banking service and that those who lag behind will soon not be in the race. The question, of course, that is all-important to the country banker is, Can he make his bond or investment department pay? Such a department will certainly never pay, except perhaps in good will, if it is to continue merely on the basis of a distributing agency with a dealer's commission for issues of securities underwritten by the big banks and investment houses of the large cities. The local bank not infrequently buys for customers, on one-eighth or one-quarter per cent. commission, securities of local origin on which it should enjoy an underwriter's profit.

"The securities underwriting and distributing department of Associated Bankers is intended to furnish every member the same facilities that a few big-city banks enjoy through their own securities corporations. There will be no obligation on the part of the local bank to participate in underwritings or in distributing syndicates. The local bank, as a member of Associated Bankers, will be consulted about local underwritings. Undertakings will be passed upon by the regional director of the corporation as well as by the executive committee of the board. If the local banker is not in a position to participate directly in an underwriting, even if it has been originated in his territory and recommended by him, there will be no obligation to do so. But he will receive through his shareholding, in the form of dividends, a share of the profits from such underwritings.

"As he is now situated, the local banker must send his customer seeking new capital to one of the big-city institutions with a securities subsidiary, or to an investment banker. It is usual and natural that any funds arising from underwritings under such circumstances are deposited elsewhere than in the local bank. They would go into the local

bank if the underwriting were by Associated Bankers Corporation and it could influence their placement, which in practically every instance it should be able to do.

"Associated Bankers Corporation will provide the ready market for commercial paper which every banker needs for his customers; that market will be within the zone of his own influence, and nowhere along the line will the element of competition with the home bank be introduced. Affiliated banks will furnish the New York office a credit file of their principal borrowing customers whose excess requirements Associated Bankers Corporation may at any time be called upon to meet. The corporation will compile any obtainable credit information in addition to that which the local bank has been able to gather, and make this supplementary data available to the local bank. When the system is in working order, a telegraphic inquiry will bring an immediate reply as to the amount of the local bank's customer's paper the corporation will purchase, and at what rate. Naturally, rates must be competitive and the corporation must reserve the right to buy, or reject, any paper for reasons of its own.

"We do not mean to say that there is no possible requirement of the largest customer which Associated Bankers Corporation would not be able to satisfy in conjunction with the local bank. There are always limits to safe banking, and frequently it is highly advisable that a concern should have more than one bank account. But the Associated Bankers movement purposes to supplement and make much more highly efficient the service which the local banker can now give, and, because the corporation cannot receive deposits, it cannot enter into competition with the local banker.

"A broadened market for a bank's acceptances is always desirable. Associated Bankers Corporation is purely a voluntary affiliation, entailing no obligation—its stock being non-assessable—but it will naturally follow that a widely scattered group of banks functioning through their own agency



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CHARLES C. BARLOW

Treasurer Associated Bankers Corporation

will become better known to one another through buying one another's bills, and their bills should eventually command better rates.

"We have encountered a few bankers who say they have an abundance of funds, their customers have no commercial paper to sell, the bank is not doing an acceptance business and is able to care for all of its customers' requirements as the community has no extensive industrial or commercial interests which require large lines of credit.

"It is possible that there are no manufacturing or other large interests in that community because the local banker has not put himself in a position to encourage them! And if for any reason the local banker has no commercial paper to be placed for his customers and no acceptances of his own to market, but is buying other banks' acceptances, commercial paper and other securities for the investment of his idle funds, would it not be well for him to

make his purchases through an agency whose interests he knows are parallel to his own and in whose profits he would be participating—as he would if he were a member of Associated Bankers?

“The success of Associated Bankers Corporation is dependent, of course, upon the widest possible distribution of its membership. It could function in a limited territory, but to reach its fullest efficiency it must be able to take advantage of the diversity of seasonal, regional, agricultural and industrial conditions which can be found only by including a large part, if not all, of the United States. The corporation therefore is prepared to extend its organization as rapidly as suitable personnel can be developed, and to bring into its board of directors not less than twenty representatives from every part of the country.

“The first step necessarily must be to complete the subscription to its capital, the initial amount of which is now fixed at \$5,000,000 preferred and 50,000 shares of no-par-value common. One share of preferred and one share of common are being sold on the first allotment as a unit for \$125. Obviously much more capital will have to be employed as the organization grows, but this amount can be made productive of good service and substantial profit.

“We have found among interior bankers a ready recognition of the possibilities of this movement. The expression of one of them, at the head of an institution with some \$20,000,000 resources, is characteristic:

“The amount of investment required of each bank to insure the success of Associated Bankers is ridiculously small in comparison with the benefits to be derived. All of us face the tendency toward unwarranted extension of the branch banking system. We recognize the value of branch banking within reasonable limits, but very few of us, even though we may be the heads of large institutions wish to look forward to becoming vice-presidents under a consolidation, or managers of some branch. Most bankers have

no quarrel with the extension of branch banking as now permitted within city limits. But, unless the local banker can rise to his responsibilities and satisfy the needs of his community, we may expect the branch system to spread gradually from city to county limits, from the county limits to state limits—and if we ever get branch banking that widely entrenched we may expect nation-wide branch banking, though probably not in our generation. Ten or twenty great city institutions with 500 to 1,000 or more branches each, scattered over the country, would not leave much room for the present day banker in the home town.’

“Many bankers have been groping for an agency which would accomplish what Associated Bankers has set out to do. There is no pride of leadership in the organization. Every interest, great and small, that can cooperate is invited to do so. While the corporation, to accomplish what it has set out to do, must earn a substantial dividend on its invested capital and efforts, everyone connected with the organization has uppermost in his mind the fact that Associated Bankers is intended to be a service for the benefit of the entire banking system of the country.”

Representatives who are distributing the corporation's stock are men selected with a view to their being qualified to become permanent regional representatives. They will become acquainted with local bankers and local conditions, later will work under the guidance of the member of the board of directors in their state, and will have charge of all local matters pertaining to the corporation.

As the stock of Associated Bankers Corporation will not be a bank investment, membership privileges must be obtained for the local bank through stock held by its officers or directors. In order that the stock may be widely distributed and so that no one interest shall ever control the corporation, a limit of 250 shares has been set as the maximum that may be voted by the di-

rectors and officers of any one bank, while the minimum for which the smallest bank may obtain membership privileges is ten shares held by any one or more of its officers or directors.

The following list of officials will be increased as the corporation expands its activities, directorships in several states being now under consideration:

Officers: John T. Manson, chairman of the board; Clarence M. Sherwood, president; Charles C. Barlow, treasurer; Arthur C. Quainton, secretary.

Directors: John T. Manson, president First National Bank, vice-presi-

dent National Savings Bank, New Haven, Conn.; director Equitable Life Assurance Society, New York; Clarence M. Sherwood, president Foreign Trade Banking Corporation, formerly with Chemical National and National City Banks, New York; Charles E. Hoyt, treasurer South Norwalk Trust Company, South Norwalk, Conn.; director Bridgeport Trust Company, Bridgeport, Conn.; Charles C. Barlow, former vice-president Yale National Bank, New Haven, Conn.; H. W. Chadduck, former vice-president Merchants National Bank, Richmond, Va.



Book Reviews

BANK CREDIT METHODS AND PRACTICE.

By Thomas J. Kavanaugh. New York: Bankers Publishing Company.

In writing the present volume, the author who is vice-president of the Mississippi Valley Trust Company of St. Louis, has answered an insistent demand for a book that would combine the simple theory and principles of credit with a description of modern credit department methods as practiced by the leading banks and trust companies. As Mr. Kavanaugh explains in his introduction it has been his object "to make the work of practical value not only to the credit department of the average bank, but also to the student of finance, whether in the college or the home. It has also been his hope that it will be of value to the commercial man, not only in the study of banking, but, what is more important, in enlightening him as to the viewpoint and attitude of the banker in the making of loans, thus bringing him closer to his bank in mutual understanding."

After defining the theory of credit, the author describes the various credit instruments in general use, explains their use and reproduces in facsimile the various forms used in conjunction with them. He devotes an entire chapter to bankers' acceptances. He devotes another chapter to commercial

lines of credit and explains the theory of "reciprocal relations" and the extension of credit based on balances.

There is a chapter on the Federal Reserve System as it pertains to the subject of credit discussing the requirement for rediscount with the Federal Reserve Bank.

Statement analysis is liberally treated and many concrete examples are given showing how the financial statement of the prospective borrower should be studied with a view to the determination of his credit standing.

Credit department methods are given careful attention such as the actual keeping of the necessary records with many illustrations showing the forms in use in up-to-date banks. The author's chapter on the essentials of a credit risk should be read by every credit man.

Altogether this is a very useful practical book written by a man thoroughly conversant with his subject and with the ability to express himself with clearness and simplicity.



THE GUARANTY OF BANK DEPOSITS.

By Thomas Bruce Robb. Boston: Houghton Mifflin Company.

This history of the first twelve years of the various bank guaranty laws treats

fully every phase of the subject, and gives complete, reliable and impartial information that is needed for a decision on this complex and important problem. The situation of bank failures centers public attention on the question of the insurance of bank deposits.

In the first chapter the nature of bank credit is dealt with, in the second chapter the guaranty of bank credit. With this broad view of the nature of bank credit and the relationship existing between bank notes and bank deposits, there can be a better understanding of the strength and weakness of the foundation upon which bank deposit guaranty rests. In succeeding chapters a statement is given of the framework and the operation of the guaranty laws in the various states. A final discussion given in a later chapter brings together all the testimony of the states for the purpose of showing what light is thrown on the issue.



PRIVATE PROPERTY AND RIGHTS IN ENEMY COUNTRIES. By Paul F. Simonson, M. A. London: Effingham Wilson.

This book is intended to serve as a guide whereby the nationals of all the powers which are bound by the peace treaties, whether they be allied nationals or nationals of the Central Powers, may be able to acquaint themselves with the provisions of the peace treaty relating to their property in the territories of the opposing powers, and their rights against the nationals and the governments of the opposing powers, and the steps which may be taken in reference to such property rights.

Part I consists of a number of introductory chapters, in which the reader will find an exhaustive examination of the private rights conferred by the five peace treaties on the nations of the signatory powers in respect of their property and interests in the territory of an opposing power or against a national of an opposing power.

The rights and liabilities attaching to the bonds issued before the war by the

German, Austrian, Hungarian, Bulgarian, and Turkish governments are defined and regulated by the peace treaties, and are treated at length in an introductory chapter. Large quantities of these bonds are held by allied nationals (chiefly residents of the continent.)

One of the introductory chapters deals fully with the provisions in the peace treaty with Turkey relating to private property and rights.

Part II contains the full text of the "Economic Clauses" of the peace treaty with Germany, so far as the same deal with private property and rights, together with commentaries thereon. On an opposite page are set out the variants in the corresponding articles of the peace treaties with Austria, Hungary and Bulgaria.

At the end of the book there is an appendix setting out at length a number of orders, rules, agreements and conventions, bearing on the subject matter of the book.



COMMERCIAL LAW CASES. By Harold L. Perrin and Hugh W. Babb. New York: George H. Doran Company.

The especial contribution that these volumes make to the study of commercial law is in the combination in one work of the text and case-book method of teaching law. Each section is prefaced by a brief, lucid statement of the point of law about to be treated; then follow digested decisions, showing the application of the principle. Schools, of commerce, colleges, business houses and individuals will find the book valuable. Many cases have been studied to lay the whole wealth of court decisions before the student. Both the authors are practising lawyers. Professor Perrin is head of the law department both at the College of Business Administration and at the College of Secretarial Science in Boston University. Professor Babb is assistant professor of law at the College of Business Administration, Boston University.

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

One Day's Delay in Turn-over

Seventy billion dollars' worth of commodities are produced yearly in the United States, according to figures for 1920. Between producer and consumer, this tremendous amount turns over many times. Interest on it at six per cent would exceed \$11,500,000 every day.

Yet many business houses lose from five to twenty days each time they turn their capital. Delayed shipments, delayed collections, delays all along the line of production and distribution, waste capital as definitely as do stocks when they stand idle on shelves and warehouse floors.

To eliminate such delays and speed up the country's business, the Irving's Bill of Lading Department is organized to expedite all B/L transactions. It traces over-due shipments, notifies consignees and presents "arrival" drafts daily by messenger in every part of Manhattan. The Irving correspondent gets a credit for its customer or a progress report is made the same day. The time saved is saved for the correspondent, the shipper and indirectly for all American business.

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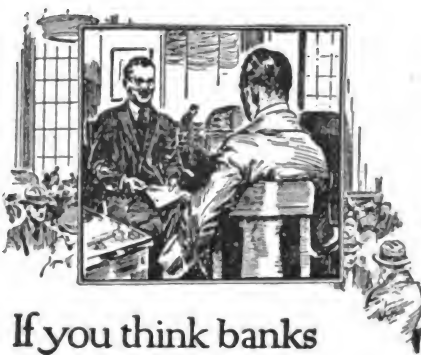
"BETTER PUBLICITY" was the keynote of the recent Atlanta Convention of the Financial Advertisers' Association.

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PARIS

Allied Debts and the Foreign Exchange Problem

By E. F. Davies

IT is generally agreed that the present difficulties of international trade are in a great measure due to the instability and in many cases the depreciation of the foreign exchanges.

In many cases importers in foreign countries are unable to buy goods in the United States owing to the great depreciation of their own currency, which makes the purchase of goods imported from the United States almost impossible by the consumer in foreign countries with depreciated exchanges; and even merchants abroad in such countries who have the money to buy goods in the United States will only buy providing they already have a purchaser in their own country for such goods, for the simple reason that if they place an order here without previously having sold against it, they may find when the goods are delivered an improvement in their own exchange, which would mean a severe loss to them, as their competitors in their own country would be able then to obtain exchange on the United States at a much better rate expressed in their own money, and would therefore be able to sell goods much cheaper than the merchant who bought when the exchange of his own country was in a more depreciated state.

A CONCRETE CASE

We will take the case of one of the exchanges which has improved recently. A merchant in Portugal during June buys goods in the United States to the extent of \$250,000 and as the exchange ruling at that time was \$9.60 for each hundred escudos, he would have paid Es. 2,604,166 to purchase these goods in the United States. The rate fluctuated considerably in June and at one time was \$13.60 for each hundred escudos, so that his competitors in Portugal could have purchased similar goods for \$250,000 and would have



E. F. DAVIES

Managing Director Banco Nacional Ultramarino

Mr. Davies has had wide experience in international finance and banking, having resided and worked in several countries of the continent of Europe. He was a bank manager in London at the age of twenty-four, and was formerly foreign manager of the London County Westminster and Parr's Bank, Ltd. During the early months of the war he served as chairman of the Committee of English and Foreign Banks on Exchange in London, which committee resumed official rates for foreign exchange in September, 1914, the quotations of such rates having been stopped at the outbreak of the war. This enabled the mechanism of exchange and trade to be set in motion again.

Mr. Davies, who was financial expert adviser to the British Government during the war, recently arrived in America after a visit to the numerous branches of his institution throughout South America, as well as to Spain, France, Holland, Germany and the Scandinavian countries in which he made a close study of financial and business conditions.

paid in their own currency Escudos 1,838,250 or about forty per cent. less, consequently the merchant who placed his order when the exchange was \$9.60 would find himself with goods on his hands which it would be absolutely im-

possible to sell at the price that he had calculated on selling at, as his competitors would be able, owing to the appreciation of the domestic exchange, to sell identical goods at a price thirty-five per cent. cheaper than he could afford to, and still make a profit.

From the point of view of the United States, now that several of the exchanges—especially the Allied exchanges—are so depreciated, there is far less chance of orders being placed in this country, and it is only natural that countries with depreciated exchanges will work with one another as far as possible, which would naturally give to Germany a very great hold on the markets of the world; moreover, with regard to the question of the large purchases of German exports, it must be remembered that after the armistice many countries bought millions of marks for purpose of speculation, and the fact that the Municipal Issues of Germany were sent to a great height shows how the foreign purchasers of marks endeavored to place their money in something that bore a greater interest to them than bank balances. It is only natural, therefore, that as so many people hold marks when the German traveler comes round he is surprised to find he can obtain three or four times the amount of orders he probably anticipated, which is due to the following reasons:—

- (a) The prospective purchaser in the foreign country in many cases held German marks, which he is only too happy to turn into goods when
- (b) The prices compare very favorably with the prices of goods from other countries.

It must not be thought that the goods of the United States are not required. They are in many countries an urgent necessity today, but as I have shown in the case of the Portuguese merchant—which is applicable to many other countries—even those who have money abroad fear to buy here in case they get caught in the exchanges.

Once the fact is established that the

present state of the exchanges is an obstacle to international trade and prevents foreign nations from buying from the United States, it becomes necessary to see whether, considering that pre-war standards no longer exist, it is not possible to find a means whereby this dislocation may in part be obviated.

EXTERNAL DEBTS AS FACTORS IN THE EXCHANGE PROBLEM

It would appear that a great deal of the difficulty with regard to the foreign exchanges, in a greater measure than might be thought, results from the burden of external debt contracted by the Allies during the war. There is little doubt that this external debt is a powerful factor in the exchange problem; the very fact that the Allies are so indebted to the United States and Great Britain without a doubt helps to keep their depreciated currency in its depreciated state, and the amount of such debt, when converted into their own currency at the depreciated rate of exchange, assumes very tremendous figures.

Do the Allied debts have a depreciating influence on Allied exchanges? Is there a lack of confidence?

I would like to answer these two points together, because one has a certain relation to the other. I think it will be found that the debts do in general influence the exchange, although on the surface this influence is not so apparent.

In the case of the pound sterling it is very apparent, but as some countries are neither paying interest nor capital in payment of loans made to them by the United States and Great Britain, it might be contended that such loans at present do not affect the exchange, which is quite wrong.

Every experienced trader or dealer in international exchange knows that confidence and sentiment play their part in the exchanges and that confidence and sentiment have to be reckoned with both inside and outside a country when gauging the present and forecasting the future. A study of external trade for several years past of

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some countries shows that the present low value of exchange is not always justified by trade and other returns and the extra depreciation creating the present low basis has in some cases been caused partly by this lack of confidence and sentiment apart from speculation.

Governments have endeavored to check the continued fall of domestic exchange—that is, the rise of foreign currencies—by various measures, prohibiting the remittance of funds abroad, etc. These measures have invariably failed in application, with the result that foreign values (coupons, checks, etc.) have been sent abroad and not sold in the home markets, and the proceeds kept abroad. In some cases foreign remittances have been diverted abroad owing to government legislation, goods have been sent abroad and the money allowed to accumulate there because week by week the owners saw their domestic exchange fall in value *vis-a-vis* abroad, and their moneys held

abroad increase in value when expressed in their own currency.

People feared forced loans, increased taxation, etc., and they acted as mentioned above. Fresh low figures were shown for their domestic exchanges, as the demand for exchange abroad was not fed by the usual sale of foreign drafts, coupons, etc., and the situation gradually became worse.

Apart from these reasons of lack of confidence and sentiment, it was argued—rightly or wrongly—that the Allied debts were so enormous, expressed in their own currency, that their ultimate payment would still further depreciate the exchange, or at least keep the exchanges in their present depreciated state.

There are many people who would extend credit to Allied firms for goods that would help them to produce and export, but they are afraid to do so owing to the fear that the debtors may not be able to pay the possible extra premium on foreign exchange that may

be current at the maturity of the credit.

Foreign investors who would permanently invest in Allied enterprises to make a profit of (a) high interest; (b) a possible appreciation of capital by currency appreciation, fear to venture their money, owing not only to the internal but also to the external debts of the countries concerned. In other words, a (partly unwarranted) lack of confidence has been engendered, and I think if something could be done to give confidence and security for the future, exchanges would possibly improve and trade also.

EXCESSIVE ISSUES OF PAPER CURRENCY

It has been stated in many quarters that the depreciation of foreign exchange is entirely a result of the internal issue of too much paper money, but I think it will be found that the depreciated exchange causes a certain percentage of the increase in the issue of paper money.

To make this point quite clear we will take the case of a country whose exchange stands at a certain depreciated level today; tomorrow, either through government purchases of foreign exchange for payment of interest on loans abroad or purchases by government or individuals of necessities, the exchange still further depreciates owing to insufficiency of foreign exchange for sale on their market.

With the new low level of exchange imported goods, even those already imported and in the shops, are often raised to a higher price, prices of such goods following exchange; moreover, it has been found that the cost of food-stuffs and goods actually produced in the country rise in price, following the exchange, in one way because neighboring countries offer higher prices (expressed in their own exchange) for such goods than the price in the home country. Therefore, the cost of living is increased, and the increased cost of living makes it necessary for everyone to carry more notes in order to meet daily expenditures, especially in countries where checks are not the general means of payment. Peasants and others selling their produce are often paid in

notes on the higher basis, and as many of these people are not used to keeping banking accounts the notes, instead of flowing back into the banks, and from the banks into the state bank or banks, are hoarded.

I do not in any way wish to minimize the effect that the internal depreciation in currency has on the exchange, but in many cases I think that this point of the effect that the appreciation of foreign exchanges has on the issue of notes is worthy of consideration. During the war England often saw how a small amount of pounds sterling offered on a foreign market "at best" because the sale had to be effected, created a new low value for the pound sterling owing to the lack of buyers, and that on the new low level business was done on the following day, and if at the end of the day even a small amount of pounds sterling was offered for which there were no keen buyers, a still further low level was created.

In the case of some of the Allied countries practically the same thing has been happening for some time past—the demand for foreign currency on their market is greater than the supply, and such excess demand has often created new low values; the new low value of their domestic exchange expressed in foreign currency created a rise in the cost of living internally, with a further increase in the notes issued. This problem is a very complex one, and it is at times very difficult to say whether an increase in the note issue has depreciated the exchange or whether a depreciation in the exchange has occasioned a further increase in the note issue.

It would be interesting in connection with the amounts of the notes issued in the Allied countries to know the amount of notes that are in active circulation. It is estimated in some countries that more than fifty per cent. of the amount of the notes issued are not in active circulation, but are hoarded. This hoarding is due to a variety of causes, which are generally well known, and of which I will simply mention two:—

- (a) Hoarding of notes owing to peasant classes having made large sums of money and not being used to keeping banking accounts, rather favoring the long stocking.
- (b) Hoarding of notes by people anticipating increased taxation, forced loans, etc., that they think their government might impose.

STATE OF THE EXPORT TRADE

The unemployment question is getting acute in many countries. A great deal of employment naturally depends upon export trade; the present state of this trade is in part due to the (a) cost of goods (b) decrease of purchasing power abroad due to a variety of causes, in which depreciation of exchange *vis-a-vis* United States plays a large part.

In regard to point "a" the remedy in part is in the hands of labor, and if labor will only consider its future with sound common sense, much distress might be avoided.

POSITION OF THE GERMAN MARK

On the other hand, manufacturers state that the low value of the mark in many cases diverts orders to Germany owing to the cheaper labor in that country.

When Germany lost the war it was only natural that her exchange depreciated, but after the first few falls in value of the mark, due to this fact, I greatly doubt whether the mark would be where it is today if the advice of the German authorities had been taken when the west bank of the Rhine was occupied.

It is common knowledge that there were rules and regulations in Germany during the war in connection with the remittance of funds abroad, and the import and export business was regulated on similar lines. In a country like Germany, with a disciplined people like the Germans, these regulations were well enforced and productive of better results than in many other countries not so well organized.



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When the west bank of the Rhine was occupied the German authorities asked that the regulations respecting imports and exports and remittances abroad should be allowed to remain in force, especially as foreign banks were opening in the occupied zones.

Nearly two years ago I wrote a letter to one of the leading London daily papers drawing attention to this state of affairs in the occupied zones and pointing out that if the recommendations made by Germany to seal up the "Hole in the West," as the Germans termed it, were not followed it would be as prejudicial to the Allied Powers as it was to Germany, and would make it almost impossible for German to fulfil the obligations of the peace treaty.

I also stated that "unless something is done quickly to take in hand the exchange position of the world, grave consequences may be the result, owing to



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Reserve Fund and Undivided Profits	5,730,000	(£1,146,000)

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The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.

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NEW YORK AGENCY, 64 WALL STREET

the increase in prices caused by the exchange depreciations, which benefit no one."

No notice at the time was taken of the view of bankers and business men visiting that country, and the result is what it is today. To blame Germany is futile, especially when one remembers that the German authorities predicted what would happen if this "Hole in the West" was not closed, namely, the demoralization of the mark.

Has it ever been considered how much of the depreciation of the mark has been caused by the Allies? Owing to the breaking of the German exchange and customs ring by the Allies, those Germans who wished to send money, etc., out of the country had an admirable opportunity for doing so. For instance, we will investigate some of the operations that took place when the territories were occupied.

Through the "Hole in the West" many people were enabled to buy millions of German marks. In many cases the sellers of these marks—often German individuals and private firms—obtained foreign currencies for the marks, which without a doubt they did not sell on their own market, but retained, and there is little doubt that they retain them even to this day. These operations show an enormous profit expressed in their own currency, and were no doubt occasioned by fear of forced loans, levy on capital, taxes, possible action of the Allies, probable demands of the new Republican German Government, etc.

The purchaser of the marks had them

credited to an account which they opened with a bank abroad, in many cases in the occupied territory; the bank in the occupied territory in many cases bought Germany treasury bills and had deposits with other banks, thereby placing funds at the disposal of the German Government, and a proportion of such mark deposits no doubt went into advances to customers, and thus helped to finance German trade.

When one considers the many millions of marks that must have been bought by the whole world, and especially by the Allies, the effect on the German exchange is apparent.

The wild rush to buy marks at that time was followed by difficulties to many people in foreign countries when the mark began to fall in value and the margins on the price had to be maintained. One still remembers the first financial squeeze after the armistice in Spain and how it was caused. The money in Germany is locked up, unless the holder takes a great loss, and that money so locked up has caused embarrassment and loss to many firms, who consequently were forced to curtail their purchases abroad. Instead of taking an exchange loss, many prefer to buy German goods, as they are cheaper, and in this way they utilize their marks.

I know there are many people who state that the exchange would be worse if it had not been for the buying of the German mark by people abroad, which in the normal course of events is quite correct, but as many people in Germany

were anxious to get their money out of the country, the normal course was not followed, and the normal effect of purchases of marks was not accomplished; moreover, the supply was very much greater than the demand for obvious reasons.

It has been stated on many sides that the Germans themselves wish to see a still further depreciation of their currency, as it helps them in the foreign markets. I must say that I am not in agreement with this statement, and I think that the German authorities would very much like to arrest the depreciation of the mark, because the depreciation of the mark naturally means further inflation and increases the cost of living in Germany. Everyone knows that the cost of living in countries with depreciated currencies follows the depreciation of the currency, but it does not follow at once.

Anyone who has visited Germany recently knows that the cost of living in that country is cheaper for all persons coming from other countries with less depreciated currencies, but the cost of living in Germany must rise with the further depreciation of the mark, and the grave difficulties that this will ultimately cause to the German government are in no way compensated by any advantages that they may reap in trade; in fact, the danger is so great that the Allies in their own interests must give every heed to the question.

The woeful cry is raised today that Germany is beating the rest of the world by reason of her exchange position.

One cannot expect Germany to pay the reparations without exporting a tremendous quantity of goods. Even if it were possible for taxation in Germany to yield a surplus over government expenditure and the surplus were used to help pay the reparations, it would only produce one-eighth of the amount expressed in foreign currency at the rate of 200 marks to the dollar that it would at the rate of twenty-five marks to the dollar; so that Germany relies on exports to find the money for the Allies. Can she do it? Apparently not; at least, earnest revision seem necessary.

There is a fearful orgy of speculation in Germany at present, and all past experience would point to trouble in the future, quite apart from reparations.

Reparation payments have the same effect on the German exchange as money expended on imports without having the benefit that imports might possibly yield, and unless exports equal imports there is an adverse trade balance which reacts on the exchange.

To balance accounts all debtor countries should export and all creditor countries should import, and in that lies the difficulty.

USE OF A PROTECTIVE TARIFF

The suggestion made in England and the United States that the imposition of import duties would protect home industries is a very dangerous one at present as both are creditor countries *vis-a-vis* many other countries. The duty on imported goods suggested by various British and American manufacturers would merely make the exchanges of those debtor countries exporting dutiable goods much worse and would prevent them buying in turn from America and Great Britain. The question of import duties is a very complex one and demands the greatest care in handling it, especially at the present time.

BALANCING BUDGETS AND STOPPING THE PRINTING PRESS

Many remedies have been advised, but practically nothing has been done. To simply remain placid and state that Europe must work harder and spend less, balance budgets, stop the printing press, etc., is to fiddle while Rome is burning. It is late in the day, but even now something, I feel sure, could be done if the subject be taken in hand at once.

The following points demand elucidation:—

- (a) How can the foreign exchanges be so improved that foreign countries can buy from the United States?
- (b) How can the Allies be helped to balance their budgets and stop the printing press?

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Firstly, we must ask ourselves what caused the depreciation and collapse of many foreign currencies? The collapse was caused, *inter alia*, by—

(1) The large debts contracted abroad, which although no interest whatever may have been paid, hang over the heads of the respective states and cause lack of confidence and discontent, as it is argued that the debts were incurred in the interests of all and that the strong countries should pay for the weaker.

(2) The fear of some governments to impose taxation to enable them to balance their budgets.

(3) The demand that arose in all countries after the armistice for the purchase of goods abroad in anticipation of a continued trade boom (this against all experience of the past and against the advice of all far-seeing business men). The countries that could not balance their budgets, and whose imports even then were greater than their exports, were also large buyers,

and the payment that had to be made abroad naturally created a demand for far more foreign currency than was available, which was accentuated by large speculative purchases of German marks.

(4) Printing press and other causes.

(5) The doubt that Germany will be able to pay reparations.

The errors that have already occurred cannot be rectified, but there is surely something that can be done. A visit in many countries today shows their difficult situation. The cessation of trade is causing trouble on all sides, and we all depend on one another.

The question of the war debts of the Allies and reparations to be made by Germany must be faced, and faced boldly, otherwise a collapse in Central Europe might occur, which will be far more costly and far harder to solve than the problems of today. Unbiased judgment and common sense must prevail on all sides. The international exchange difficulties have been greatly ac-



BANCO DI ROMA

ESTABLISHED 1880

HEAD OFFICE: ROME, ITALY

Capital paid up and Surplus . \$35,000,000.00

Total Resources . . . \$1,000,000,000.00

(Five Lire—One Dollar)

BRANCHES IN ITALY

Abbazia	Catania	Leghorn	Portoferrato
Acqui	Cecina	Legnano	Porto S. Giorgio
Alba	Celano	Lucca	Potenza
Albano Laziale	Centallo	Luserna S. Giovanni	Pratola Peligna
Anagni	Ceva	Marciana Marina	Rapallo
Andria	Chiusi	Melfi	Reggio Calabria
Anzio	Citta' di Castello	Merano	Rionero In Vulture
Aquila	Clusone	Mercatale	Rivarolo Canavese
Arcidosso	Colle Val d'Elsa	Messina	Rocchetta Ligure
Arezzo	Como	Milan	Roma
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Assisi	Cortona	Mondovi	Salerno
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Bagni di Montecatini	Fabrizio	Montevarchi	Santa Maria
Bagni di S. Giuliano	Fermo	Naples	degli Angeli
Barl	Fiesole	Nardo	Sant' Antiocho
Bastia Umbra	Figline Valdarno	Nettuno	Saronno
Benevaglienna	Flume	Nizza Monferrato	Sassari
Bergamo	Florence	Nocera Inferiore	Savona
Bibbiena	Foggia	Norcia	Secondigliano
Bisceglie	Folano della Chiana	Novi Ligure	Segni-Scalo
Bitonto	Folligno	Nuoro	Siena
Bologna	Forte dei Marmi	Oneglia	Signa
Bozano	Fossano	Orbetello	Siracusa
Borgo a Mozzano	Frascati	Orvieto	Squinzano
Bra	Frosinone	Orzinuovi	Tagliacozzo
Brescia	Galliciano	Ostuni	Tempio Pausania
Cagliari	Gallipoli	Paganì	Terranova di Sicilia
Caltagirone	Gavi	Palermo	Tivoli
Camaloro	Genoa	Pallanza	Torre Annunziata
Campiglia Marittima	Giugliano in Campania	Parenza	Torre dei Passeri
Campobasso	Greve in Chianti	Perugia	Torre Pellice
Canale	Grosseto	Piadena	Trani
Canelli	Gualdo Tadino	Pietrasanta	Trento
Carate Brianza	Gubbio	Pinerolo	Turin
Carloforte	Intra	Plombino	Triceste
Carru	Ischia	Pisino	Velletri
Casalbuttano	Ivrea	Poggibonsi	Viareggio
Castellamonte	La Maddalena	Ponte a Poppi	Viterbo
Castelnovo di	Lanciano	Pontecagnano	Volterra
Garfagnana	Lanusei	Pontedera	
Castiglione Fiorentino	Lecce	Popoli	

COLONIAL BRANCHES

Bengasi (Africa), Tripoli (Africa), Rhodes (Asia)

FOREIGN BRANCHES

England: London (Representative). **France:** Paris, Lyons. **Spain:** Madrid, Barcelona, Tarragona, Montblanch, Barias Blancas, Santa Coloma de Queralt, Valls. **Switzerland:** Chiasso, Lugano. **Turkey:** Constantinople. **Malta:** Valletta. **Asia Minor:** Adalia, Smyrna, Scalanova, Sokia. **Syria:** Aleppo, Beyrouth, Damascus, Tripoli. **Palestine:** Jerusalem, Caiffa, Jaffa. **Egypt:** Alexandria, Cairo, Fort Said, Manzourah, Tintah, Beni Mazar, Beni Souef, Elbeh, Dessouk, Fashn, Fayoum, Kafr El Cheikh, Magagha, Mehalla Kebira, Minish, Mit Ghamr, Zagazig.

American Representative

RODOLFO BOLLA, 1 Wall Street, New York

centuated by the continued fall and the probability of a further fall in the German exchange. The German exchange and Germany's foreign exchange business affect the exchanges of many other countries, and the German exchange is bound up with the reparation.

A study of their figures shows that time must be given to Germany in which to pay interest, etc., and any lack of elasticity in the collection of the reparation payments will have the same effect on them as it would on an insolvent firm.

It will be apparent that the question of the improvement of the foreign exchanges can only be considered in conjunction with the German mark and the reparation payments.

CLEARING-HOUSE FOR ALLIED DEBTS

Would not a clearing-house for inter-Allied debts and reparations help to remove some of the present difficulties? Is it not possible to make the reparation liquid? If all inter-Allied debts could be "cleared" through a clearing-house it would concentrate the reparations in fewer hands and in the strongest hands financially and the question of a revision would possibly become less difficult and help avert a possible Central European collapse.

The above together with commodity loans would certainly help the Allies to balance their budgets. It could be made conditional that the clearing-house scheme would only be agreed to providing that the participants showed how they would balance their budgets.

One must not forget today that if the the more creditor countries balance their budgets and improve their currencies they make it only more difficult for other countries which do not balance their budgets to buy from them; so that the more creditor countries balance their budgets and improve their exchanges the more orders will go elsewhere unless other countries follow their example, because it widens still farther the *ecart* between foreign depreciated currencies and the dollar.

With regard to German competition, if only the Russian situation could be

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cleared up Germany would neglect many markets if she could devote her activities to that country, as the needs of Russia are very great.

I believe it has been stated that American public opinion is not yet ripe for a discussion of an "inter-Allied debt clearing-house," but America as a business nation would certainly be open to a discussion of the best methods of helping her foreign trade.

The past months must have shown America what is happening on all sides, and her capable bankers and business men who have traveled Europe and other continents recently must see that if present conditions continue or get worse, American trade will greatly suffer.

A visit through Europe after the armistice and the then state of foreign exchanges plainly showed that a crisis was bound to come, but when it was pointed out the majority refused to be-

lieve it. Today all indications point to a still worse crisis coming from one quarter just when affairs in some cases are slowly beginning to move again in the right direction. Mutual concentration, quick action and a long view are necessary if a catastrophe is to be avoided.

Once the Allied debts and German reparations had been cleared up, thus establishing every basis possible for a return of confidence, the question of the rehabilitation of the foreign exchanges should be dealt with and a close working arrangement between the United States and Great Britain would have the best results.

A great many plans have been proposed to enable necessitous countries in Europe to solve their exchange problems, but many authorities in the large creditor countries usually preface their plans with the remark that such countries must first balance their budgets, stop the printing press and reduce government expenditure.

These theoretical ideas are excellent, and it must be apparent to all that if debtor countries in Europe could do that, there would be little need of outside help and only minor difficulties, as the exchange position is merely the reflection of the economic position—that is, the effect and not the cause.

IMPROVING THE ECONOMIC CONDITIONS OF DEBTOR COUNTRIES

The question of the day is, "How can debtor countries improve their economic position and buy freely again in the markets of the world?"

Firstly, they must be helped to balance their budgets and reduce expenditure, as once they have balanced their budgets their exchange will improve, facilitating their purchases abroad.

Why is it that they cannot balance their budgets?

One of the chief reasons is the adverse trade balance.

The adverse trade balance means that there is more demand for foreign currencies than the market supplies, consequently the debtor countries find their exchange always depreciating and the depreciated exchange increases:

- (a) The cost of living.
- (b) The cost of government service.
- (c) The cost of all imports.

In order to meet the increased expenditure, the printing press is resorted to, which still further depreciates their exchange by creating lack of confidence.

This vicious circle makes it impossible to balance budgets.

Is there any plan whereby necessitous countries can be helped to balance their budgets?

The question is answered by finding a solution for rectifying the adverse trade balance.

In several countries the adverse trade balance can be rectified by loans with the certainty of repayment at maturity. If the amount of such adverse balance could be supported by foreign loans for such a period as would permit a debtor country to increase exports and balance imports, the exchange position would be quickly rectified.

FOREIGN LOANS TO RECTIFY ADVERSE TRADE BALANCES

A foreign loan should be made to such countries representing the amount of the adverse trade balance over the necessary period, which may be in some cases three to five years only.

Such a loan would immediately relieve the situation by eliminating the excess demand for foreign currency and the exchange would soon improve thereby having the following effect:—

- (a) As an excess demand for foreign currency has an accumulative effect and unduly depreciates the domestic exchange so the relief of the exchange in the plan suggested would also have an accumulative effect in improving the exchange.
- (b) The improving exchange would force out the foreign moneys hoarded abroad and still further help in appreciating domestic exchange.
- (c) As the exchange improves the adverse trade balance expressed in the money of the debtor countries

will become less and less; this will—

- (1) Reduce the cost of living.
- (2) Reduce government expenditure at home and abroad.
- (3) Reduce the amount of notes in circulation.
- (4) Render easier the balancing of budgets.

In this way the vicious circle that an adverse trade balance under present circumstances creates is broken, and the economic life of the country lends itself more easily to be straightened out.

How would the loans be made? The loan or loans should not be paid in cash, but in raw materials and merchandise to help restore the life of the country, so that the proceeds of the loan would only be used for necessary productive purposes.

If loans are not forthcoming creditor countries will feel the effects as much as debtor countries by increased unemployment, etc., as no nation can stand alone today.

The majority of necessitous countries look to the United States of America and Great Britain to aid them in their temporary difficulties, not from a charity view point but from self-interest. European countries want to buy American and British goods, but America and Britain must make it possible for such purchases to be made.



New York Banker Reviews Conditions in Europe

IMPROVEMENT both in Germany and in England, as compared with conditions a year ago, was reported by James Heckscher, vice-president of the Irving National Bank, New York, upon his return from a trip of three months to the United Kingdom and countries of Central Europe.

"The improvement in Germany," he said, "is patent in many ways. Traveling is now easier. Living conditions are more stable and comfortable. The change has been gradual, and the tran-

PARK-UNION
FOREIGN BANKING CORPORATION
 56 Wall Street, New York

The Export Market

American export trade of the future will depend largely upon a proper understanding of the requirements of foreign peoples and the extent to which American manufacturers are willing to go in meeting these requirements. By virtue of its own branches, both in the United States and abroad, and its world wide connections, the Park-Union Foreign Banking Corporation is in an exceptional position to bring to American merchants and manufacturers first hand knowledge of conditions in foreign markets, to assist them in establishing contact, to aid in financing shipments and otherwise render a helpful banking service in international trade.

Capital (fully paid) - \$4,000,000
Surplus and Undivided
Profits - - - \$625,000

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It is a business proposition, but the longer it is delayed the more difficult will be the solution.

sition from conditions as they were back to normal is still far from complete. Nevertheless, the people seem to be on the upgrade, and in my mind there is no doubt that in industry and commerce they eventually will come back.

"For one thing, they are working hard. They realize that in labor lies their salvation. Factories are busy in the industrial centers, and unemployment is comparatively small. Wages are lower than in most other countries,

and the low value of the mark has had a pronounced effect on labor and production costs. As a result the Allied countries are handicapped in competition with their recent foes. The Germans can undersell them on nearly all classes of finished goods.

"Financial problems constitute the most serious obstacle to Germany's rehabilitation. Among German bankers I found doubt, which apparently was sincere, that the country will be able to meet its reparations obligations according to the program laid down for it by the Allies. Given a postponement of some years, they believe it can be done, but without a breathing spell in which to get under way, they are very dubious. Taxation there is now very high. Incomes of 200,000 marks—only about \$2,000 a year in our money at the present rate of exchange—pay sixty per cent. to the government. And other taxes are so numerous that they leave the individual comparatively little to live on.

"The depreciation of the mark, while it gives the Germans an advantage in selling abroad, becomes a serious handicap on purchases from other countries. Speculation unquestionably has helped to lessen its value, but other influences have had a still greater effect. To make its reparations payments, the German Government has had to sell marks to a considerable extent in foreign countries, and in consequence the note issue has been increasing week by week. Then, too, because of the depreciation, individuals have been using every means to get their money out of the country and changed into some form that promises greater stability. The crops this year have been good; food is plentiful for those who can pay, and the buying power of the mark is approximately three times greater in Germany than its exchange value is abroad.

"In England, the coal strike hit trade hard, though it helped some concerns to dispose of surplus stocks of merchandise. Britain's coal exports now have been increased, but if her industries are to be placed on a basis where they can compete with trade rivals, the cost of

steam coal must be reduced. Liquidation has proceeded throughout the Kingdom to a considerable extent, and conditions are improving, though slowly.

"In several countries I heard discussed a suggestion that the nations should get together and stabilize exchange by international agreement. This, of course, cannot be done. It is both impractical and impracticable. The only way to restore a stable equilibrium is for the nations to go to work. When one figures that all Russia and the Near East have no money with which to buy, and that the purchasing power of Central Europe is low, it is plain why there is stagnation in world trade. The problems involved cannot be solved by any artificial makeshift; their solution must come through the application of economic principles.

"In Czechoslovakia the situation was far from prosperous, particularly in the iron industry, one of the most important of the republic's enterprises. Relations between countries in Central Europe and the Balkans are far from satisfactory. These nations are not working in harmony. Racial animosities and national spirit interfere with commercial as well as political adjustment. Many persons, indeed, doubt that the present alignment of countries in that part of the world can be permanent.

As an instance notwithstanding the difficult conditions, these countries have been putting up tariff barriers against one another. As a result, Austria last year imported wheat from Manchuria, although there was wheat to be had in Yugoslavia next door. Czechoslovakia was overloaded with sugar, but Austria could get none of it because the feeling between the countries was so bitter that trade was virtually prohibited.

"German Austria is in bad shape. Of the 6,000,000 population to which the country has been reduced, 2,000,000 are in Vienna. It is doubtful that the nation can continue as at present constituted. Seemingly it must join some more powerful country, unless it can obtain somewhere a large foreign credit. And naturally, no one wants to advance such a credit. Food is to be had.

FRENCH AMERICAN BANKING CORPORATION

Cedar and William Streets, New York

STATEMENT OF CONDITION SEPTEMBER 30, 1921

RESOURCES		LIABILITIES	
Cash on hand and in banks.....	\$316,997.42	Capital	\$2,000,000.00
Due from foreign banks.....	2,622,484.81	Surplus	500,000.00
Current accounts	2,622,503.83	Undivided profits	370,153.68
United States Certificates of		Current accounts	7,853,404.43
Indebtedness	500,000.00	Customers' loans	1,750,000.00
Other bonds	215,098.61	Acceptances	1,354,919.82
Demand loans on collateral....	1,750,000.00	Letters of credit and foreign	
Other loans	21,600.00	acceptances	1,300,381.61
Bankers' acceptances pur-		Liability under foreign ex-	
chased	4,036,432.86	change contracts	13,669,567.30
Other bills purchased.....	137,688.48	Balance foreign exchange	
Furniture and fixtures.....	7,920.60	sold, at current rates.....	2,433,530.33
Accrued interest, commissions		Reserved for taxes, etc.	150,677.84
and other items receivable	9,560.43	Unearned discount, commis-	
Customers' liability under ac-		sions, etc.	52,392.72
ceptances and letters of		Other liabilities	11,048.18
credit	2,652,781.43		
Purchasers' liability under			
foreign exchange contracts	16,546,827.34		
Total	\$31,446,075.81	Total	\$31,446,075.81

A general foreign and international banking business in all its ramifications is transacted, with special facilities in connection with France and the French Colonies and Dependencies

provided one can pay. Living, as reflected by hotel costs, is inexpensive as compared with the United States, but

the people have no money. There are few industries left, and the country is suffering greatly from lack of fuel."



Views of Prominent British Financier

PROMINENT in British finance and banking, the views of Rt. Hon. Reginald McKenna, who has been visiting the United States recently, will be found of special interest. On leaving for England, Mr. McKenna said:

"In many respects the situation in the United States is similar to that in England." Both countries are gravely affected by the serious disorganization of the European market. While foreign trade has not the same importance for the United States that it has for England, it is a branch of trade which you cannot afford to neglect. The industrial organization of

this country, as in my own, has been built up to supply a much wider market than the domestic market, and the curtailment of foreign demand is necessarily reflected in general industrial depression. Under the influence of the false standards created by the war, the cost of production is still too high here, as with us, but this cause of depression seems to be slowly disappearing in both countries.

"The situation in the United States in one very important particular differs from that in England. You produce a considerable surplus of food and raw materials and sooner or later the world's demand for them is bound to

revive. At present the trend of prices in your staple products appears more likely to be up than down, which gives a better color to your outlook here than on the other side of the Atlantic. Thanks to the bold and public spirited policy of your leading banking institutions, the financial horizon seems clear and though it will probably be some considerable time before normal conditions are restored, I am inclined to say



RT. HON. REGINALD McKENNA

Former Chancellor of the Exchequer; Chairman
London Joint City and Midland Bank, Ltd.

that the corner is turned. I would like to add, however, that it is no time for speculation. Recovery is bound to be slow, working through a period of moderate fluctuations, though I hope and expect that the tendency will be an improving one."

Mr. McKenna then paid tribute to the ability and energy of American banking, manufacturing and commercial leaders. Continuing he said:

"I find that very considerable interest is taken in the question of the inter-

national debts between governments. This is a subject upon which I could only venture to speak from the British point of view. We are large creditors, and in the relation to the United States, we are also debtors. As a debtor I have nothing to say except that England pays her debts. On the other hand, speaking as a creditor, my opinion is that England would be selfishly wise, having regard only to her industrial and economic position, to remit the obligations due to her.

"If I dared to tread on dangerous ground for a moment it would be to say that the influence of the United States is indispensable in the councils of the world."



Great Britain

ISSUES NEW WORLD LETTER OF CREDIT

Lloyds Bank Limited has announced that it is now prepared to issue a "world letter of credit."

This new letter of credit may be obtained at any office of the bank by anyone requiring it, the sale not being restricted to customers of the bank.

The World Letter of Credit is payable at any office of Lloyds Bank in England and Wales, the Isle of Man and the Channel Islands; at any branch of Barclays Bank Limited, the London County Westminster and Parr's Bank, Limited, the London Joint City and Midland Bank, Limited, the National Provincial and Union Bank of England, Limited, in places where Lloyds Bank is not represented; at the National Bank of Scotland, Limited, the Bank of Scotland, the Union Bank of Scotland, Limited, the Commercial Bank of Scotland, Limited, and the British Linen Bank; the Northern Banking Company, Limited, the Provincial Bank of Ireland, Limited, the Hibernian Bank, Limited, and the Munster and Leinster Bank, Limited; and at the offices of any of Lloyds Bank's foreign correspondents.

The letter consists of a form 83 $\frac{1}{4}$

The Corn Exchange National Bank

OF CHICAGO

Capital \$5,000,000
 Surplus and Profits.....\$12,000,000

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Foreign Exchange

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inches by 5½ inches in size. It authorizes the holder to draw upon the head office of the bank in London to the extent of the total of the credit. All payments are made by check or sight draft, and are to be endorsed on the letter by the paying office. The signature of the payee serves for identification, and is to be found on a letter of indication which accompanies the letter of credit. The letters of credit are in denominations of £20, £50 and £100, but letters for any other sums can be obtained.

BRITISH VIEW OF EXCHANGE PROBLEMS

The September Review of Barclays Bank, Limited contains the following interesting remarks on the exchange situation:

The suggestion emanating from the United States that an International Congress should be held, possibly coincident with the forthcoming Disarmament Confer-

ence, to discuss the stabilization of the foreign exchanges, has not been received with favor in this country, nor has it met with any better reception in banking circles on the other side of the Atlantic.

In considering the manifold difficulties now obstructing world trade, the value of international cooperation must not be underestimated; nevertheless, there is a pronounced feeling that the theories of the situation have already been correctly diagnosed, and that only by a general application of these agreed principles can real improvement be effected.

There is no one royal and easy path to exchange stabilization, in fact, years will probably elapse before even the most strenuous and well-directed efforts on the part of each country can restore to the complex international financial machinery its pre-war smoothness of working. The causes of the dislocation have already been repeatedly and exhaustively discussed, and there is a serious danger that another international conference, such as that proposed, might result in too much reliance being placed upon international action and too little upon individual effort. Each country must, to a very large extent, work out its own salvation, for the richer nations can only assist the poorer by helping them to help themselves and by avoiding such obstructive actions as the erection of tariff barriers and

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the adoption of other similarly narrow and short-sighted policies.

In much the same way, there is a danger that in focussing attention on the transient encouragement given to exports—when the foreign exchange quotations for a currency is less than its real value—the more permanent factors in world competition may be given less than their proper value.

It is important to remember that the inevitable operation of economic law tends automatically to diminish the advantage obtained from an abnormal depreciation in the external value of a currency, since if it becomes an effective stimulus and exports are thereby increased—then to that extent, forces are set in motion which must ultimately restore the balance between external and internal currency values. Exchange margins of this nature are necessarily temporary and should not be regarded as comparable in importance to the advantage in competitive trade obtained by lower costs of production. In the case of Germany, wholesale prices are approximately sixteen times higher than before the war, while at the present quotation of 320 marks to the £ the exchange rate is also sixteen times the prewar parity. In other words an English paper pound will now purchase as many goods in Germany as an English gold pound would before the war.

It is stated that the German people are working hard and as far as available statistics justify any conclusion, it would seem that wages in Germany have only risen to about twelve times the prewar level. Quite apart, therefore, from any question of the exchanges, it is apparent that lower costs of production give to Germany a sufficiently overwhelming advantage in foreign markets.


It would be little short of a national disaster if the agitation for legislation to protect industry from competition of countries with depreciated exchanges, should obscure the more important and permanent factor of lower production costs, for no form of protection yet devised can safeguard our industries in so far as foreign markets are concerned.

France

NEW FRENCH INVESTMENT ISSUES

New industrial investment issues in France amounted to approximately 5,500,000,000 francs during the first six months of the current year, according to figures just received by the Bankers Trust Company of New York, from its French information service.

The most striking feature presented by the figures was the enormous devel-



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opment of bond issues, which amounted to almost 4,000,000,000 francs. This indicates the unwillingness of capitalists to invest heavily in shares whose returns are bound to be variable at the present time of industrial stagnation and decreasing prices.

A comparatively small number of new enterprises is disclosed by the returns, which show 480,000,000 in issues of new organizations compared to 1172 millions of increased capital for established enterprises. Investment offerings of coal mining companies, mainly bonds, led the list.

TO DISCONTINUE LIVING COST INDEMNITY

The French Minister of Finance, M. Doumer, in his project for the budget of 1922 had intended to discontinue the indemnity to counterbalance the high

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cost of living, amounting to 720 francs a year, which is granted to all French Government employees. This proposal, however, caused such a wave of protest throughout the country that the economics commission of the ministry of finances has appointed a special sub-commission to make a thorough study of the question.

If the indemnity were suppressed, it would mean a saving of 330,000,000 francs on civil service salaries, 63,000,000 francs on military pay, and 320,000,000 francs on the salaries of railroad employees, thus making a total economy of 713,000,000 francs, which, from the budgetary point of view is a very serious consideration.

The Bankers Trust Company of New York, is advised by its French information service that a compromise on this question is considered probable. This contemplates that the indemnity be gradually reduced corresponding to the actual decrease in the cost of living. Total elimination of the allowance would

consequently not be effected for an indeterminate period.

FRENCH ECONOMIC RECOVERY

The Paris correspondent of the *New York Times* cables that many people in Paris financial circles are convinced that the worst of the economic crisis is over. The wheat and wine harvests have been excellent and a general industrial improvement is noted, especially in the metallurgical trades. While the government budget is certainly not yet on an entirely sound basis, the correspondent reports that real progress has been made and that the Government next year will only have to borrow one-half of what it borrowed this year. In addition the treasury will probably repay the Bank of France 2,000,000,000 francs on account of the bank's advances of 25,000,000,000. The financial policy of the government is to gradually reduce these advances until gold payments can be restored. While there are some people in France who

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favor continued paper inflation these are not in the majority and it is altogether improbable that their theories will prevail. The currency inflation in Germany is causing French opinion to tend more and more favorably to the plan of reparations in kind as it is evident that if present tendencies continue the mark will soon have no value.

Italy

ITALIAN GOVERNMENT REVENUES INCREASE

Advices received by Rodolfo Bolla, American representative of the Banco di Roma, show that the Italian Treasury receipts for the fiscal year July 1, 1920 to June 30, 1921 amounted to approximately eleven billion lire (lire 11,000,000,000) an increase over the prewar figures of more than 500 per cent.

The principal sources and amounts of the revenue are the following:

Direct taxes about	lire 4,000,000,000
Indirect taxes about	lire 1,200,000,000
Sundry taxes about	lire 850,000,000
Profits from Government business administrations	lire 3,100,000,000

This extraordinary increase in revenue is the result of the constructive policy of the Italian Government towards meeting the country's financial problems caused by Italy's contribution to the Allied cause in the great war.

When the rest of the legislation and fiscal plans of governments are put in operation it is expected that the national budget will be balanced.

ITALY ONE OF THE BRIGHT SPOTS OF EUROPE

The Rome correspondent of the *New York Times* reports Frank A. Vanderlip's impressions of the economic situation of Italy as follows:

The spirit with which the Italian people are attacking their problems is better than that in any other country I have seen. There

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is here a "new Italy," with everywhere a striking spirit in industrial activity.

After interviewing the important labor leaders and employers I am convinced that Italian labor recognizes the necessity for production and is animated by a spirit of cooperation which I have not found elsewhere in Europe. No revolutionary sentiment of any importance exists; instead I find labor and capital developing with sympathetic and mutual understanding each other's problems. Italy's wealth consists of its supply of highly skilled labor at moderate wages, together with a valuable thorough understanding of the trade needs of other nations, which justify the investment of American capital, notwithstanding the budget deficit and the unfavorable foreign trade balance.

I believe the labor difficulties and other problems are being wisely handled by the government. In fact, Italy is certainly one of the bright spots I have met over there.

PREPARING FOREIGN TRADE EXPANSION

In the furtherance of the program for the expansion of her international trade, Italy is negotiating a new commercial

treaty with Brazil. This new treaty with the great South American republic is looked upon with favor by Italian foreign trade interests owing to the great possibility of future business relations between the two countries.

To further cement cordial relations between the two countries, the Italian and Brazilian governments have concluded a new treaty concerning the legal status of Italian immigrants in Brazil. This treaty was signed in Rome on October 9 by the Brazilian ambassador, Dr. DeSouza Dantas, and by Commander DeMichelis, Italian plenipotentiary.

Among other provisions the new treaty provides for the equality of Italian citizens with citizens of Brazil in so far as the workmen's compensation law is concerned, and further provides for the recognition of contracts negotiated in Italy to which Italian immigrants to Brazil are parties, and also engages the two governments to facilitate agreements with the individual

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These statements should set at rest the various rumors circulated within the past several months as to the reported acquiring of control in the Fiat by foreign interests, and establish once and for all the complete independence

ITALIAN COMMERCE EXPANDING

The expansion of Italian commercial activities is evidenced by the incorporation of new commercial organizations during the month of August, 1921. Ninety-five new corporations were organized during the month with a capital of lire 160,000,000. During the same month ninety-two Italian commercial corporations increased their capital to the extent of lire 192,000,000.

In the merchant marine field, Italy's steady business progress is indicated by the fact that one of the leading Italian navigation companies has during 1921 increased its fleet by four new cargo boats.

PROGRESS OF ITALIAN INDUSTRY

The steady growth and improvement of Italian industry is reflected in the in-

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creasing importation of coal, notwithstanding the great development of hydro-electric power in Italy.

England has now resumed her exportation of coal to Italy, again taking first place, shipping a grand total of 365,000 tons during the first half of September, 1921.

ACQUIRES CONTROL OF MAIN RAILWAYS IN AUSTRIA- HUNGARY

According to advices received by the New York office of the Banco di Roma, Italy has acquired the majority ownership of the "Sudbahn" Company of Vienna.

This company controls the principal trunk line railway system of Austria-Hungary, the main line of which connects Vienna with Trieste, Budapest and Prague, and traverses one of the richest sections of Central Europe. Economically, the control of this transportation system will be of great advantage not only to Italy but also to

the territories, which it serves, furnishing these territories with an efficient outlet for their commerce through Trieste and also Venice, redounding at the same time to the great advantage of the business prosperity of the ports of Trieste and Venice.

South America

CONDITIONS IN SOUTH AMERICA IMPROVE

According to reports received by the United States Department of Commerce business conditions in South America show signs of improvement that may be regarded as having some degree of permanency. One indication of this change for the better is the almost complete withdrawal of large amounts of merchandise that had accumulated in custom houses. Slight improvement in exchange conditions are also noted. American exporters are advised to take advantage of this condition to strengthen

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their position in Latin-America. German competition in Argentina is reported to be much in evidence forcing lower prices in this country. Exports of hides and wools from Argentina to Germany are said to be increasing. In Brazil the economic situation is improving owing to increasing demands for exportable commodities. Exports of coffee to Holland and France are said to be heavy. In Chile the financial crisis is reported to have definitely passed although foreign trade is still at a minimum. Some sort of deal between the United States and Chile is looked to to make possible increased exports of nitrate from Chilean ports. Increased activity of the cotton market has relieved the exchange situation in Peru. This year's cotton crop is estimated at from ten to fifteen per cent. below last year's, with a notable increase in exportation. A slight but definite improvement in the economic situation of Mexico is noted, with bank credits easier and the railroad situation improved. Demand for American made goods is light, however.

ARGENTINE GOLD EMBARGO

According to an official of the National City Bank of New York the only solution of Argentina's present difficulties is the lifting of the government embargo on gold exports. Argentina, it is said, has a gold reserve of eighty per cent. and can well afford to release some of her gold in making foreign purchases. The present situation favors British trade as the Argentine dollar is

about on a par with the pound sterling, making it more advantageous for merchants to buy from Great Britain rather than the United States. The City Bank official says that "bankers of the United States will be glad to cooperate to the best of their ability, but the first step it would seem must be that of gold exportation."

FOREIGN BANKING IN VENEZUELA

The establishment of close diplomatic and commercial relations between the United States and Venezuela is likely to lend renewed impetus to the operations of American banks in the latter country. Two American institutions, National City Bank and the Mercantile Bank of the Americas are now represented there by branches or affiliated banks which serve not only American firms but also Venezuelan houses in their dealings with this country.

Other foreign banking institutions transacting business in Venezuela include the Royal Bank of Canada, the Commercial Bank of Spanish America, Ltd., the Nederlandsche Bank Voor West-India, and the Deschanel International Corporation de Venezuela, which is of French origin.

During 1919 Venezuela decreased its foreign duty by 4,359,909.12 bolivares (at par approximately \$870,000). Though at a slight discount as compared with the dollar, the bolivar is stronger than the pound, franc, lira or other foreign monetary units. This is due not only to the gold reserve of the

country consisting of 80,000,000 bolívares, but also to the fact that in recent years the national income has invariably exceeded expenditures, leaving a surplus to be added to the treasury.

American business and capital are welcomed in Venezuela, which is adopting an extremely liberal attitude toward foreigners.

PLANS FOR PERUVIAN LOAN

A \$50,000,000 loan to Peru will be sold in the New York market within the next two or three months, according to present reports, and, as in the case of Cuba, and probably Mexico, it probably will entail the formation of a fiscal agency which will be created to administer the loan. Bankers who are negotiating it probably will name the members of this agency. Dr. Fernando Fuchs, former finance minister of Peru, who is conducting the negotiations for his country, is expected in New York to complete the arrangements in person.

The bill, which has been introduced in the Peruvian Congress, provides for \$50,000,000 bonds, bearing eight per cent. interest. The bill provides for the emission, at ninety, of a first installment of \$10,000,000 to \$15,000,000, dated December 1. The proceeds will be used to liquidate the tax collecting company and the salt company, to complete sanitation projects and to purchase shares in a proposed national bank.

The government will amortize four per cent. of the outstanding bonds annually at 105, at which figure the bonds may be redeemed after 1921. The maximum period will be forty years.

GERMAN TRADE IN SOUTH AMERICA

It is reported that strenuous efforts are being made by German shipping companies to regain the South American trade they carried before the world war. No less than seventeen German lines were operating out of Hamburg to South American ports in August, and it is asserted that these were the only ships running to South America on a

paying basis, with the possible exception of Dutch vessels.

German exports to South America were estimated as about twice the amount carried from Germany to North American points. Cement formed an important part of the German exports being especially demanded by Brazil and Argentina.

Scandinavia

SCANDINAVIAN CONDITIONS IMPROVING

Business men in Scandinavia believe the worst of their difficulties are past and that from now on any change which takes place will be in the nature of improvement, according to C. O. Corwin, assistant cashier of the Irving National Bank of New York who has returned from a ten-weeks' trip through countries in northern Europe.

While no great progress is expected in the next few months, he said, the bankers and merchants of Denmark, Norway, Sweden and Finland are looking forward confidently to better things. Two of these countries, Denmark and Sweden, have felt German competition keenly in foreign trade, though in Sweden, at least, it is believed that this condition will not long continue.

"Aided by her low exchange and low labor costs," Mr. Corwin said, "Germany has made it virtually impossible for Denmark to export factory made articles. On the other hand, exports of Denmark's butter and dairy products have been quite satisfactory for several months, and this has been reflected in Danish exchange. The banking situation seems sound, with speculation pretty well eliminated.

"Swedish industry also has suffered from German competition, and many of the largest plants are marking time. High exchange rates and comparatively high wages have kept the country out of the world's markets. Germany can go to Sweden and charter and operate Swedish ships at about one-sixth of the labor cost which Sweden must pay. There seems to be a very definite feel-

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ing, however, that labor costs ultimately will be more nearly equalized. The Swedes say that Germany is not in a position to extend credit, and that German-made goods are inferior in quality to their own. For these reasons, they expect later to regain at least a reasonable share of foreign trade.

"The pulp and paper industry is in a difficult position as a result of the high rate of exchange. Both Finland and Norway, with their comparatively depreciated currencies, have an advantage in foreign sales. The flow of Russian gold into Sweden seems to be about at an end, but this may be regarded as encouraging. Many persons think this gold has been largely responsible for the high exchange rate. Sweden is quite rich agriculturally and is encouraging the raising of food products and beef cattle so that it will not have to buy as much abroad as formerly. The banking situation seems satisfactory. Bankers feel that the situation is well in hand, and that while there may be some

increase of unemployment during the winter, conditions will improve in the spring.

"Shipping, fishing and the production of wood pulp and paper are Norway's chief industries. Most of the ships are idle, and those which are running are barely making expenses owing to high labor costs and low freight rates. An encouraging feature of the situation, however, is that the Norwegian ship-owners, in one way or another, have cleaned up the contracts they placed in England for new ships, and while some had to take heavy losses, they know now where they stand.

"The fishing industry is showing improvement. Some time ago, Spain and Portugal placed a virtual embargo against Norwegian fish in retaliation for Norway's refusal to buy Spanish and Portuguese wines. In the last few months, however, Norway has been selling fish in considerable quantities to Italy and other countries, and many boats that were laid up are getting good

catches and disposing of them. Incidentally, Norway's prohibition law, which was responsible for the break with Spain and Portugal, is criticised in that it has deprived the government of revenue, has disrupted old trade relationships and has failed to prohibit. Smuggling seems to be indulged in freely, and more liquor is used than before the law went into effect.

"The Norwegian wood pulp and paper manufacturers expect to do better when winter closes the Baltic and makes exporting by Finland difficult. Recent consolidations have strengthened the positions of certain banks, and there is a general confidence that the important institutions will weather the situation in good shape.

"The low rate of Finnish exchange virtually prevents that country from making purchases abroad. The country has suffered from a tendency toward extravagance, both on the part of the government and by individuals, and also from reports which have been circulated of Bolshevik activities. I believe that Finland is in quite a safe position in this particular. It has a well organized White Guard, apparently quite competent to take care of internal trouble or any demonstration which Russia might be in position to make. In point of fact, there has been no "Red" activity of importance on the Russian border for some time.

"Finland is extremely rich in wood and wood products. With the low rate of exchange, its wood pulp and paper industry is in position to meet all competitors. The Finns believe the demand for these products is bound to increase, and they feel that because of their natural wealth the exchange situation should improve."

NORWEGIAN BANKS SEEKING U. S. CONNECTIONS

According to consular advices to the Department of Commerce Norwegian banks are seeking connections with banks in the United States and are trying to help increase commercial transactions between the two countries. Deposits in Norwegian banks to American

account have been estimated to total between 100,000,000 and 150,000,000 kroner.

China

CHINESE BANKING

The Government Information Bureau of the Republic of China reports the following items of interest:

The head office of the Bank of Mongolia and Tibet will be situated in Kwan Yin Sze near Chienmen, Peking, with branch offices at Tientsin, Shanghai and Hankow. The capital is fixed at \$3,000,000.

The Tung Hua Bank was inaugurated on September 14. Half the capital of \$1,000,000 has been paid up.

Tseng Kwan-Chang, a Hunanese capitalist, has raised \$1,000,000 to establish a bank under the name of Hua Fong Bank, Ltd. Regulations have been drawn up and sanctioned by the Ministry of Finance.

Soochow bankers are organizing a Bankers Association. The branch managers of the Soochow Bank, Shanghai Commercial and Savings Bank, Bank of China, Bank of Communications, Continental Bank, Kiangsu Bank, Wah Foo Commercial Bank, Hui Shang Bank, Hwei Hai Industrial Bank among others are the promoters.

The Industrial Bank of China's new branch at Ningpo reports that opening deposits amounted to \$2,800,000.

The organization of the Shanghai Agricultural and Industrial Bank has been proposed. The capital is fixed at \$400,000, two-thirds of which has already been subscribed.

CHINESE LOAN DEFAULTED

The Chinese Government's \$5,500,000 loan made by the Continental and Commercial Trust and Savings Bank of Chicago which was due on November 1 is in default although according to the company it is only a matter of time until the government of China will be able to pay the loan. The statement given out by Arthur Reynolds, president of the company said:



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John Jay Abbott, one of our vice-presidents, is now in China, where he has been for several months, carrying on negotiations with the Republic of China, for the payment of its \$5,500,000 notes that mature this November 1. The negotiations proceeded favorably and arrangements were about to be concluded by which the Republic of China would have been placed in funds with which to pay these notes, but at the last moment the Chinese Minister of Finance resigned, and we have just received cable advice that the Chinese Government will not have funds here with which to pay the notes.

When the Republic of China made its contract for the placing of the loan in this country, the Department of State at Washington, in writing, agreed that it would give all diplomatic support and protection to legitimate enterprises of this character. Accordingly we have addressed a communication to Secretary of State Hughes for such immediate action as he deems proper.

The total indebtedness of China, with its population of approximately 400,000,000 people and its great resources, is small. We believe it is only a question of time when China will so arrange its finances that it will be able to pay these notes with interest.

Europe

BUSINESS IMPROVEMENT IN POLAND

In an article in the *Journal of the American Polish Chamber of Commerce and Industry* Colonel A. H. Barber, technical adviser to the Republic of Poland, says that Poland is well on the road to economic recovery. Colonel Barber states:

Poland today is well on the road to economic recovery. Both as to internal conditions and as to foreign trade the situation is improving steadily. Unhindered by foreign aggressions—which have been Poland's lot all too frequently—and possessed for the first time in seven years of a grain supply sufficient for home consumption, Poland's prospects are highly encouraging.

Of the serious problems which confronted Poland one year ago, there are two outstanding ones remaining to be solved. One is the balancing of the budget, the other the settlement of the Upper Silesian question.

The problem of the budget is now being worked out. There is every prospect that

a sound solution will be reached before many more months have passed. The Polish people realize the necessity of meeting their obligations in a business-like manner. Thorough-going reductions in government expenditure are being made and, as Poland is a rich country, the problem now resolves itself largely into one of taxation. The national per capital debt is among the lowest of the nations which were involved in the world war.

The Upper Silesian settlement, a matter of the greatest importance, is anxiously awaited. Once this question is satisfactorily settled and Poland is assured her supply of coal, the already improved economic situation will be further stimulated.

RUMANIAN OIL PRODUCTION AND CONSUMPTION

The amount of crude oil entering the Rumanian oil refineries the first half of 1921 was smaller than in the same period of 1920. This was not due to the lack of crude oil nor to the lack of possibility to refine the same, but to the fact that more crude oil was consumed as fuel by factories the last year.

Internal consumption of refined oil in the first half of 1920 was of 254,661 metric tons, increasing for the same period in 1921 to 324,725 metric tons.

During the month of August, the production of Rumanian oil was of 150,000 metric tons, an appreciable increase over July.

The same companies in August produced 86,576 metric tons due to the continuous increase in electric current in the oil fields, most of the stations furnishing electric current being rapidly reestablished.

FOREIGN CREDIT EXTENDED TO RUMANIA

Switzerland has opened a credit for forty million Swiss francs to Rumania. This money will be paid back in agricultural products—wheat, corn, etc., delivery beginning during this month and continuing until 1923.

Part of this forty million credit will be utilized to purchase industrial implements in Switzerland.

This agreement was concluded recently between Mr. Schulthuss, president of the Republic of Switzerland,

and Mr. Titulesco, the Rumanian finance minister.

GERMAN CAPITALISTS IN VIENNA

The monthly report of the Anglo-Austrian Bank contains the following item:

The movement leading German banks and bankers to direct representation in the Viennese market is now quite apparent. German capitalists have for some time neglected Vienna almost entirely and directed their interest rather to any other part of the world. It may be considered an appreciation of Vienna's vitality shown in most difficult times when Germany now revises her former views and begins even if at first slowly and hesitatingly, to interest herself in Vienna as a center of foreign exchange business and a junction for the trade of the East and West. There is no doubt that this closer connection will further an increase of business which will work for the good of both countries concerned.

RUSSIAN SOVIET TO CREATE STATE BANK

According to an Associated Press report from Moscow, the Russian Soviet Council of Commissars has decided to create a new state bank to make loans, afford credit facilities, develop industries, agriculture and trade and to control circulation and exchange. The bank is to open November 15, it is announced, and is to be capitalized at three trillion rubles.

HOW GERMANY CAN PAY

The chief of the economic division of the French Commission in the United States, J. A. M. de Sanchez, has the following to say on the German reparations problem in a pamphlet recently issued:

In most of the discussions of Germany's capacity to make reparations it is assumed, gratuitously, that payments can be made only through the accumulation of a large German export balance. That a favorable export balance will greatly facilitate Germany's gold payments to the reparations commission is undeniable, but there are other important means of settlement; such as coal, labor, raw chemicals and certain manufactures.

Why payments in such products should

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be arbitrarily excluded from consideration is not apparent. The reparations commission should have little difficulty in inducing Italy, for instance, to accept coal deliveries from Germany in lieu of gold. In France, where reconstruction is the first desire of all Frenchmen, arrangements are being made to make use of German labor, materials and machinery in rebuilding the homes and factories in the devastated regions. France will further need German coal for many years to come. Even with all her mines again in operation France's coal production will still be at least fifteen million tons a year short of her consumption.

Experts of the reparations commission estimate that at least one-third of Germany's annual payments under the present agreement will be made in kind. The balance will have to be paid in gold, but even so an export trade balance is not the only means at hand. Participation by Germany's creditors in certain important German undertakings is at present being very seriously considered. Other methods of payment are being discussed by German and allied experts.

In its final analysis the reparations problem resolves itself into a question of Germany's will to pay rather than of her ability to pay.

DECLINE OF THE MARK

A correspondent of the New York *Journal of Commerce* writing from Frankfort-on-Main says:

The principal reason for the vanishing value of the mark is the view now prevailing more generally than ever that Germany will not be able to fulfill its agreement under the reparations clause. The economic life of the country must break down under the attempt to do the impossible. Not only Germans but English and American experts are agreed on this question. It is true, the first billion was promptly paid, but it must be acknowledged that in reality the payment was short. That is, Germany had to use the "crutches of credit" in order to satisfy the Allies. Even now an amount of 270,000,000 gold marks which was borrowed in Holland and added to the reparations sum has to be financed and it creates some difficulty. It should be noticed, too, in what way the Reichsbank contributed to the payment. It had to open its *portefeuille* and advance foreign exchange in large sums, besides it pledged half of its silver and, finally, an amount of 68,000,000 marks in gold had to be transferred to America. Actually, the first payment of a billion was met only half from funds at the

disposal of the government. The balance had to be financed with foreign credits and the reluctant contribution from the metal treasures of the Reichsbank. And, moreover, this one billion represents only one-third of the payments Germany is required to make under the reparations plan every year, because a fixed contribution of two billions is demanded and export taxes of more than half a billion are provided for in the agreement. It is true that now France is willing to accept one billion in goods and material. These supplies may be paid in Germany with paper marks and in that respect the position of the government is easier—but think of the enormous inflation in sight! Aside from the requirements mentioned, Germany will have to provide every month 40,000,000 marks for meeting prewar debts, and, in addition, it must reimburse the Entente for the expenses caused by the occupation. As circumstances are, the view of the English expert Keynes that Germany at the latest in the spring of next year must break down under the reparations load cannot be regarded as not well founded.

Australia

ESTABLISHES RURAL BANK DEPARTMENT

The Government Savings Bank of New South Wales, the head office of which is in Sydney, has established a rural bank department the purpose of which is to give financial assistance to the farming community. All money deposited with the Rural Bank will, after providing for necessary reserves, be lent only to primary producers or industries immediately associated with primary production. As many as 135 branches have thus far been opened. These branches receive checking accounts; pay interest on fixed deposits; issue certificates of deposit; issue drafts, and discount bills arising out of transactions associated with primary production. Three forms of advances are made by the bank as follows:

Long term loans repayable by half-yearly installments including interest and part of the principal, spread over terms up to thirty-one years.

Fixed loans for definite terms not exceeding five years, during which interest only is payable, the loan being repayable at the end of the term.

Overdrafts on current account, in-

terest being charged on the daily balance. Such accounts will be operative by check and may be overdrawn up to the limit fixed in each case.

Loans are made for the following purposes:

- (a) To pay off existing encumbrances on, or to purchase the land offered as security.
- (b) To pay off money owing to the Crown in respect of the land.
- (c) To make improvements on the land, or to improve and develop or utilize the agricultural or pastoral resources of the land, or to enable the applicant to carry on agricultural or pastoral pursuits.
- (d) To build a home upon the land.

Mexico

TRADE POSSIBILITIES IN MEXICO

At the first International Trade Conference which was held some months ago in Mexico City under the auspices of the Confederation of Chambers of Commerce of the United States and Mexico, Carlton Jackson, United States commercial attache had the following to say about United States-Mexican trade:

As regards commerce between Mexico and the United States, we know certain things. We know that up to February, 1913, trade was good and was steadily increasing, in spite of occasional difficulties caused by Mexican political troubles. We know that after the interruptions of the several years of civil war trade again improved, so that for the past calendar year it was greater in value than it ever was before. Also we realize that, while custom house figures show a continuation of heavy entries, buying and selling between the two countries have decreased dishearteningly during the last six months.

As to what to do to change this present condition most wayfarers are ready to give advice. However, some of those who have lived and traded here longest are not so sure. There are many angles to the situation, and not all of them fall into the subject of discussion here. A few obvious points may be mentioned.

Thus we find commerce confronted with the results of the actual destruction of property during revolutionary troubles, the impairment, if not the destruction of credit, the demoralization of transportation, and the failure of outlet for the bulk of exports.



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These conditions being realized, it is to be considered what may be done to overcome them. In the ages of primitive trade, as with equatorial Africa or the South Sea Islands, the ship's skipper carried so many bolts of colored cloth or so many beads, and depended on connecting only with trade within reach of the ship's rowboat. Commerce cannot be carried on with success with such methods now. Some measure of industrial development is a necessary preliminary.

The chronological order in the development of commerce puts transportation first. That question is beyond the limits of this study, and has been adequately discussed by others.

Undoubtedly next comes the matter of credits, not alone commercial credits, for the movement of merchandise, but also that for the financing of industries. England long ago learned that trade followed the flag not so well as it followed capital. Credit, gold and capital may be here considered as synonymous, and called capital. The United States is at this time embarrassed with the quantity of it that it holds. The familiar comparison of capital to water is just here a good one. Mexico is a dry field requiring irrigation. There is a great reservoir of this capital in the United States which is backing up and may give trouble by inundation there. It needs to be controlled and properly directed to the production of farms, mines, ranches and mills here. When those are once producing more of this irrigating capital will be needed for

the movement of the products outward.

It is easy to state this process and this necessity, and one of the favorite indoor sports of Americans and others in Latin America is to tell of investment opportunities that will infallibly make the fortunes of the investors. It is unnecessary to enumerate any of them here.

The details of the construction and control of the channels to conduct the irrigating flow of capital into Mexico constitute a problem whose solution would indeed be an ambitious task for this trade congress, and yet on a solution depends the ultimate permanence and size of the commerce between the two countries. Certainly prejudice and antagonism between the peoples will not help the matter. The building of tariff walls likewise will not help in the solution, but on the contrary, if built high, will most surely defeat it.

Cuba

CUBA PROPOSES NEW TRADE TREATY

A new emergency treaty between Cuba and the United States which would grant a preferential of fifty per cent. on all Cuban products imported into this country and the same reduced rate on American exports to Cuba is

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proposed in a memorandum that has been submitted to the American State Department by Sebastian Gelabert, the Cuban secretary of finance.

The proposed emergency treaty between the two countries would take the place of the existing reciprocity treaty which has been in force since 1903 and would remain operative until a new and permanent treaty could be negotiated. Under the present treaty Cuba enjoys a preferential of twenty per cent. on her sugar and other products shipped to this country, and the United States in turn enjoys reduced rates of duty ranging from twenty to forty per cent. on goods shipped to Cuba.

The Cuban Government takes the position that the loss in revenue which Cuba would suffer through increasing to fifty per cent. the preferential on American imports would be more than compensated through the increased markets she would find in the United States for her sugar, tobacco and other products of which this country is the chief

buyer. It is pointed out that the United States also would gain through the further advantage she would have over other countries in her trade with Cuba, and that, with the advantage which some of the European countries now enjoy in foreign trade because of the low existing rates, this added preferential would be especially stimulating to American commercial relations with the Island Republic.

On account of delay in the passage of tariff legislation and the proposed extension of the emergency tariff act to February 1, it was deemed advisable by the Cuban Government to try to bring about the financial relief desired through modification of treaty relations with this country. Under both the emergency tariff act and the tariff bill now pending, the duty on sugar from Cuba was increased to two cents a pound, and the rate on tobacco raised ten cents a pound. Cuba has complained that these high duties ruin her market here, giving a protection which Ameri-

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 Australia: Bank of New South Wales
 Shanghai: Bank of Canton, Ltd.
 Chicago: Continental & Commercial National Bank
 Japan: Sumitomo Bank, Ltd., and The Bank of Taiwan, Ltd.

can grown sugar does not need, and that they spell economic and financial disaster for her.

BANCO MERCANTILE AMERICANO DE CUBA

The Banco Mercantile Americano de Cuba issued the following announcement on October 1:

The Banco Mercantile Americano de Cuba by resolution of its stockholders and directors has decided to terminate and liquidate its business in Cuba. From and after this date no deposits will be accepted and no banking business transacted. The bank organization will continue merely for the purpose of winding up the bank's affairs. All deposits will be paid in full and depositors of the banks are requested to withdraw their deposits at their earliest convenience, either by check or in cash. Deposits not withdrawn before October 17, 1921, will on that date be transferred to the National City Bank of New York at its branches in Havana and Ciego de Avila, respectively. All persons having credits or claims against the bank are requested to present the same as soon as possible. In this withdrawing from the banking field in Cuba the Banco

Mercantile Americano de Cuba desires to extend its thanks and best wishes to its depositors and patrons.

Philippines

PHILIPPINE IMPORTS VALUED AT SEVENTY MILLION

The total imports of the Philippine Islands from January to June of the current year amounted in value to \$70,022,961, an increase of approximately \$12,000,000 over the preceding period last year, according to the New York office of the Bureau of Commerce and Industry of the Philippine Islands.

Imports of iron and steel were the heaviest, the value of these products being placed at more than \$13,000,000. Cotton cloth imports were second and automobile imports third.

The United States led all countries in trade with the Philippines exporting over \$45,000,000 worth of goods to the islands and receiving imports valued at approximately \$26,000,000.

PHILIPPINE FINANCIAL SITUATION

That the financial situation of the Philippine Government is not as serious as it has been reported, is shown from the fact that for the first semester this year the total revenue reached \$20,490,433.63—a decrease of only over \$2,000,000 from that of the corresponding period of last year, according to a statement of the Philippine department of finance.

The revenue from taxation during the six-month period amounted to \$12,709,922.77; incidental revenue \$567,147.26; and earnings and other credits \$7,213,363.60.

Since the biggest collections are made in the latter half of the year, it is expected that the difference between the collections in the second semester this year and last year will not be as great as the difference in the first semester and that the total decrease will not reach \$4,000,000 for the entire year.

Near East

COMMERCIAL CONDITIONS IN THE NEAR EAST

Commercial conditions in the Near East are well summarized in the following report to the department of commerce from Assistant Trade Commissioner Julian E. Gillespie:

Throughout the Near East the past year has been marked by an unprecedented depression in commercial and financial circles. This has been caused by the continued military activities in Anatolia, Cilicia and Syria, the Bolshevik successes in South Russia and the Caucasus, and the adverse exchange. Large quantities of merchandise, amounting in value to millions of dollars, were shipped by English and American manufacturers to Piræus and Constantinople, but tremendous losses have been incurred through the closing of surrounding markets, and the reduction of stocks in glutted distributing centers has progressed very slowly.

By the treaty of Sevres the Imperial Ottoman Empire was shorn of all its European possessions and the hinterland of Constantinople given to Greece. Asia Minor, Syria and Cilicia were declared to be the French sphere of influence. Palestine was placed under Great Britain, and Adalia was

created as the Italian zone of influence. Military operations in Asia Minor, have resulted in almost a complete closing of Anatolia to foreign trade. The Central Turkish Government at Constantinople has therefore been cut off from the major part of its revenue-producing areas and has been dependent for funds upon the local customs receipts consumption taxes, and special municipal taxes. Obviously these have been insufficient for its needs, and loans have been sought from the administration of the Ottoman Public Debt and the Agricultural Bank.

Turkey is primarily an agricultural and stock-raising country, with little or no industrial life either in Constantinople or in the interior. With the producing portion of the country closed, the Turkish Empire has virtually amounted to nothing more than Constantinople since the armistice. For this reason the imports have exceeded the exports by about three to one, the imports for 1919 amounting to £192,762,375 and the exports to £138,427,672, while for 1920 the respective aggregates were £169,396,267 and £147,844,327.

Turkish imports from the United States in 1919 amounted to £18,085,062. (France and Italy were the only two countries whose imports exceeded those of the United States.) Against these imports, merchandise to the value of £14,988,487 was exported to the United States. Imports from the United States jumped in 1920 to £125,963,810, the bulk of these purchases consisting of flour, sugar, petroleum, and automobiles. American trade in Turkey, however, has been handicapped by an adverse rate of exchange; Turkish money has fluctuated from 94 cents to the Turkish paper pound in July, 1920, to 58 cents in December, 1920, and on June 30, 1921, the rate was 69½ cents.

The United States occupies a favored position with both the Central Turkish Government and the Nationalist Government at Angora. The latter is most anxious to enter into relations with American business firms and American capitalists for the future development of the interior. Various projects have been studied by the Nationalist Assembly, and only lack of capital and continued military activities have delayed work thereon. Chief among these projects are the building of railroads from Samsun to Sivas and thence to Angora and from Adalia to Konia, and the installation of electrical plants at Adalia and Angora. It is contemplated that the natural waterpower in and around Adalia will be used to furnish the electricity for that city.

According to reliable reports, there are large stocks of wheat, tobacco, wool, mohair, licorice root, and nuts in Anatolia awaiting transportation to the seaboard. Adequate transportation facilities are probably the greatest need of the interior of Turkey. The country is rich in natural resources and almost entirely undeveloped, and with the return of peace it would re-

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PAID-UP CAPITAL - - - -	10,200,000
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Correspondents in all other places of importance in these South American Countries

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quire only a few years for capital invested in Turkey to bring returns.

Since the armistice Smyrna has been under military occupation by the Greeks. Smyrna is the center of the fig, raisin, and sultana trade, and furnishes a substantial part of the Turkish tobacco so sought after by American firms, but since the armistice the export of these commodities has never reached prewar figures. The Greeks, however, have done a great deal to interest both the Turks and their own nationals in the use of modern agricultural machinery, and to this end have established an experiment farm where instruction is given in the use of tractors and other agricultural machinery. They have, furthermore, succeeded in increasing the acreage under cultivation. Also the Greek Minister of Agriculture in Smyrna has worked out a plan of credits to landowners and farmers similar to the farmers' loan and rural credits act in the United States.

International Banking Notes

The American Bank of the River Plate, recently organized by New York and Buenos Aires banking interests, has elected the following management and board of directors: Dr. Manuel M. de Yriondo, former

Minister of Finance of the Argentine, and for ten years president of the Bank of the Nation, chairman of the board; Noel Tribe, until recently manager of the Buenos Aires branch of the First National Bank of Boston, managing director; Dr. Horacio Beccar Verela, director and legal adviser.

The directors are Fred A. Heath, manager of the West India Oil Company (Standard Oil Company of New Jersey); Frank Lyman, general South American manager of Armour & Company; George Cobeau, National Paper and Type Company of New York, and president of the American Chamber of Commerce in the Argentine; Arthur H. Titus, president of the First Federal Foreign Banking Association of New York; Victoriano Villamil & Company, Buenos Aires, hide and wool exporters; Dr. Julio Pena, formerly Minister of Finance, Argentina, and Joseph R. Davis, of Davis & Company, Ltd., foreign exchange brokers of Buenos Aires, Montevideo and Rio de Janeiro.

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F. C. Harding, New York agent of the Anglo-South American Bank, Ltd., has received a cable from the head office of the bank in London advising that the directors

*"The Swedish Bank
of Commerce"*

Svenska Handelsbanken
STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

have declared a final dividend of nine shillings per share, less income tax, making the total distribution for the year fifteen shillings per share or fifteen per cent. on the entire paid up capital. This is after providing the following: £50,000 for premises account, £150,000 for reserve fund, £25,000 for staff pension fund, £50,000 for staff bonus and £402,785-7-4 carried forward.

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Y. Takemura has been named co-agent of the New York office of the Yokohama Specie Bank, Ltd.

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Advices received by the New York office of the Banco di Roma indicate an increase of 45,000,000 lire in the capital of the "Impresa e Conduzioni Agricole" (Agricultural Development Enterprises).

This operation is being conducted under the auspices of the Banco di Roma in continuance of its tradition of fostering the development of Italian agriculture.

©

A new Marconi Company has been organized in Italy for the establishment of a Marconi Wireless system in Rumania there-

by connecting Rumania by wireless with Italy and the rest of the world.

©

A new bank was chartered in Rome for the purpose of furthering the development of Italian agriculture.

The corporate name of the new institution is the Italian National Agricultural Bank, with an authorized capital of 100,000,000 lire, of which 50,000,000 lire have been paid in, balance to be paid December 1, 1921.

The new institution has the active support of the leading Italian agricultural interests, and great benefits to Italian agriculture are looked for as a result of its activities.

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Net profit of the Mitsubishi Bank, Ltd., of Japan was 4,004,353 yen for the half year ended June 30, according to the statement received recently by the New York agent.

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A loan of 3,000,000,000 francs for the purpose of aiding in the reconstruction of regions devastated during the war will be floated by the Credit National.

Six million bonds of 500 francs each, bear-

ing interest at six per cent., will be issued at 498 francs, fifty centimes.

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Papers have been filed with the secretary of state, at Hartford, Conn., for the incorporation of the American Oriental Bank of Fukren, China, with corporation headquarters in Hartford. The incorporators named are William S. Fleming of Shanghai and Herbert Bullerd and John Buckley of Hartford. A filing fee of \$1,000 was paid on the authorized capital of \$1,000,000.

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The Eastern Economist for September contains an article by J. H. W. Ferguson, statistical secretary of the Inspectorate General of Customs, Shanghai, China, entitled "China's Place in the Trade of the World." The article reviews business conditions in the Chinese Republic during 1920 with a graphic summary of developments since 1911.

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Announcement has been made by the Federal Reserve Bank of New York that it has appointed the National City Bank its correspondent and agent in Cuba. The appointment was made with the approval of the Federal Reserve Board and was made under the terms of Section 14 of the Fed-

eral Reserve act. The National City Bank is the first national institution to be appointed an agent of the Federal Reserve Bank of New York.

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"Colombia—A Commercial and Industrial Handbook" is the title of a new publication of the department of commerce prepared by Trade Commissioner P. L. Bell. It analyzes the foreign trade of Columbia, tells about its people and their characteristics, discusses markets for specific classes of merchandise and shows the economic and market limitations of each of the country's nine commercial districts. Chapters are devoted to major subjects such as commercial practices and requirements, banks and banking, mining, petroleum, agriculture, forests, transportation, etc. Copies are on sale at the office of the Superintendent of Documents, Government Printing Office, Washington, D. C. The price is seventy cents.

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The net profits for the half year ending June 30 of the Rotterdamsche Bankvereeniging amounted to f. 9,889,818.16. Total assets of this bank on June 30 were f. 550,880,606.23. The bank's capital is f. 75,000,000, reserve fund f. 35,000,000 and special reserve f. 4,000,000.



Chatham and Phenix Completes Merger

THE absorption recently announced of the New York County National Bank by the Chatham and Phenix National Bank of New York brings under the latter's direct management an institution which was founded in 1855, and whose history is closely interwoven with the early history of financial New York, and with the history of the pioneers in the banking field who had faith in the future of the city as a commercial center. The old New York County National Bank has long maintained rank as one of the prominent institutions of the old school, conservative and dignified, identified with the strongest interests in the community which it has

served for sixty-six years. The Astor and Goellet estates were, at one time, identified with the institution's history.

That it has kept up with the march of progress is indicated by the fact that the institution, with a capital of \$1,000,000, had deposits of approximately \$14,000,000 at the time of the merger. Although taken under the wing of the big Chatham and Phenix National Bank and becoming one of the units of that institution, the old New York County National Bank will not completely lose its identity. The bank will remain in its present location, Eighth avenue and Fourteenth street, and will be combined with the branch of the Chatham and Phenix now located at

Fourteenth street and Ninth avenue. Its old customers and depositors will be retained, and at the same time it will be revitalized by the infusion of new business brought in by the busy Fourteenth street branch of the parent institution.

The directing head of the Chatham and Phenix National Bank is in reality



LOUIS G. KAUFMAN

President Chatham and Phenix National Bank,
New York

the father of the idea of branches for national banks in New York, and in the expansion of his institution to take in the old New York County National Bank he is following closely the schedule of development which he had planned when he came to New York from Marquette, Mich., to take charge of the merged institution which grew out of the old Chatham Bank, founded in 1850, and the Phenix Bank, founded in 1812. It was the idea of Mr. Kaufman, then expressed to his board of directors and since carried out in the policy of his bank, that to secure adequate development and growth in a city such as New York a bank must provide ade-

quate banking facilities in every community in which it wishes to do business.

In furtherance of this idea, as the combined Chatham and Phenix started to grow and prosper under his guidance Mr. Kaufman arranged for the opening of branches in populous and thriving communities, with the purpose in view of serving the residents, and business interests of each district with an institution upon which they could look as being a part of their own community, and which at the same time was big enough and strong enough to provide the element of safety which every successful bank must possess. The Chatham and Phenix National Bank now has branches at Bowery and Grand street, Broadway and Howard street, Broadway and Eighteenth street, Eighth avenue and Fourteenth street, Fifth avenue and Twenty-third street, Seventh avenue and Thirty-ninth street, Fifty-seventh street and Third avenue, Eighty-sixth street and Lexington avenue. Broadway and One Hundred and Fifth street, Lenox avenue and One Hundred and Sixteenth street, One Hundred and Twenty-fifth street and Lenox avenue and Broadway and One Hundred and Forty-fourth street.

The manner in which the Chatham and Phenix National Bank has grown under the direction of its present chief executive and his staff is evidenced in a comparison of its business today with the volume at the time the first merger was effected, when the combined resources were \$9,000,000. At the time of the merger Louis G. Kaufman, then president of the First National Bank of Marquette, Mich., was invited to take the presidency of the institution. He accepted the invitation and at once took hold of the organization, with the announced intention of bringing the institution to a commanding place among banks, not only in New York, but in the entire country. The extent to which Mr. Kaufman and his assistants, through foresight, business judgment and keen banking ability, was able to succeed may be measured by the fact that the Chatham and Phenix Bank today has deposits of approximately \$165,000,-

000 and that its capital, surplus and undivided profits account amount to over \$15,000,000. The growth has been along normal, healthy lines, and through the expansion of business this growth has been made possible. Special departments which have been inaugurated, in addition to the commercial business of the institution, have made remark-

able showings in the last few years and have added their departmental quota to the general success of the bank. Among these are the trust department and the special deposit department, both of which were among the pioneer preachers of the gospel of thrift and saving.

The main office of the bank is in the Singer Building.



New York Trust Company's New Office



Main banking room of the new office of the New York Trust Company at 100 Broadway

THE New York Trust Company opened its new main office at 100 Broadway on October 3. In this office there are consolidated the main office of the company formerly at 26 Broad street and the Liberty office

at 120 Broadway, formerly the office of the Liberty National Bank of New York. The new quarters provide for the trust company one of the finest banking houses in the country.

The trust company has leased from

the American Surety Company for a period of twenty-one years, the basement and first three floors of the new and enlarged building at 100 Broadway, on the corner of Pine street and directly opposite Trinity Churchyard. The new building has a frontage of approximately 122 feet on Broadway and 125 feet on Pine street, the total floor space for the trust company's use being 31,500 square feet.

The New York Trust Company was formed in 1889 under the title New York Security and Trust Company. In March, 1904, it merged with the Continental Trust Company and in 1905 the name was changed to the New York Trust Company, under which title it has continued to the present date.

The first president of the company was Charles S. Fairchild, formerly secretary of the treasury under President Cleveland. Mr. Fairchild served until 1904, at which time Otto T. Bannard was elected president and continued in this office until January, 1916. At that time, Mr. Bannard was made chairman of the board of trustees and was succeeded as president by Mortimer N. Buckner.

On April 1, 1921, the New York

Trust Company and the Liberty National Bank were consolidated under the former name.

The Liberty National Bank was formed in 1891. In 1919 it absorbed the Scandinavian Trust Company, founded in 1917.

Some of the most noted names in American finance have been connected with the Liberty National Bank. Among its presidents have been Henry P. Davison and Thomas Cochran, both now members of the firm of J. P. Morgan and Co., Seward Prosser, now president of the Bankers Trust Company and Harvey D. Gibson who succeeded Nortimer N. Buckner as president of the New York Trust Company at the time of the consolidation of the trust company with the bank.

Mr. Bannard is now chairman of the advisory committee of the company and Mr. Buckner chairman of the board of trustees.

The statement of condition of the New York Trust Company as of June 30, 1921 showed capital, surplus and undivided profits of more than \$26,000,000, deposits in excess of \$152,000,000 and total resources of \$210,000,000.



The Passing of the Old Tin Box*

By C. ALISON SCULLY

Trust Officer, Corn Exchange National Bank, Philadelphia

THE old tin box with "Estate of" in gold letters and filled with salmon colored envelopes tied up with pink tape, tossed into the box indiscriminately, has vanished, and in its stead we have card indexes, ledgers, carefully arranged compartments in safe deposit vaults, periodical audits and thorough systematization. For generations after the corporation was a familiar form of organization in trade and commerce, the family lawyer or conveyancer, or perhaps some relative, took charge of a man's assets when he died and administered them successfully, indifferently or badly. Today the corporate fiduciary

has not only secured public recognition, but in no other form of business activity is the tendency to substitute prompt and comprehensive methods for the individual management, subject to all the ills that human flesh is heir to, more plainly marked.

The advantages of the personal element in the administration of estates are not to be denied. The interest and solicitude of the individual executor and trustee, the comfort and satisfaction of the widow and children in having a ready counselor to whom they may turn

*Reprinted from *The Corn Exchange*.

for advice and guidance, are pleasant to contemplate, but these advantages are of sentimental value only, and there are certain fundamentals of business importance in the settlement of every estate which the corporate fiduciary assures, and which if they are lacking in the individual chosen, will bring ruin and disaster to those whom a man wants most to protect. The primary question is one of security. The modern financial institution with the accumulated savings of generations is a bulwark of conservatism and integrity which no individual, no matter how wealthy or honorable, can rival. The number of upright and conscientious individual fiduciaries is legion, but there have been among the number, embezzlers, speculators and rascals. No man wants his life insured by an individual—in fact, in most states it is forbidden by law; many men accept business risks and enormous financial responsibilities with a light heart, but no one who is thoughtful will allow his dependent wife and family to be subject to the possibility of loss if any adequate safeguards against it can be provided. It is just this security which a trust institution affords, and as a result the volume of trust assets in the hands of the larger Philadelphia institutions transacting a trust business has practically doubled in the last ten years. In those rare instances in which estates have been defrauded by an officer or employee of an institution, the insurance carried by the institution, and, if necessary, its surplus, have always been more than adequate to reimburse the estate in full for the loss.

In the second place, the weaknesses of human nature are in large measure overcome in a corporation. The person chosen for executor, trustee or guardian may die before assuming his duties or shortly thereafter, leaving the work of years unfinished. A corporation does not die, and continuity of management is always desirable. In the investment of funds the combined and impartial judgment of successful business men who compose the directorate of financial enterprises is vastly superior to the judgment, biased or impartial, intelli-

gent or indifferent, of the single individual.

Few people realize that the routine settlement of an estate with the complicated returns required by Federal and state authorities for taxation purposes, is a business in itself. Not long since a prominent business man said to the writer: "I have been named as executor and trustee of two estates, and if anyone tries to name me again I shall refuse to act. I haven't the time to attend to the management of any estate. If I give it the time it requires, I jeopardize my business, and if I don't give it the proper amount of time, it isn't fair to the family. The only way to have an estate settled today is to place it in the hands of an institution."

From the standpoint of economy the use of an institution is desirable. Organization and the volume of business enable institutions to settle estates on a basis which would not adequately compensate the individual.

The amendment to the Federal Reserve Act, giving national banks the right to transact any trust business done by state institutions has made available for business men and women a type of service heretofore unknown. The trust companies in their banking and trust transactions have concerned themselves primarily with real estate, stocks, bonds and other negotiable securities. The field of the national bank is larger, and these institutions furnish the life-blood of trade and commerce by loaning to the manufacturer, merchant, jobber and the retailer. This class of business, therefore, makes a commercial bank of the greatest possible usefulness to the families of business men and women. The officers of the national bank must not only know real estate and securities, but are in daily touch with commodity prices and trade values. The man who has his dollars in bricks and mortar, looms, machinery, accounts receivable, raw materials, bales and packing cases, and who must have his assets judiciously handled by his successors will do well to consider the type of financial institution to which the management of his estate and the welfare of his family may best be entrusted.



THE new building of the Liberty Trust Company which is now being erected on Central Avenue, Newark, N. J., is being carried out in that refined type of Colonial architecture which is so often found a little off the beaten track throughout the State of New Jersey.

The bricks are of a rough surface and the trimmings are treated with a similar surface. Within the bank simplicity and dignity are the prevailing motives. Very ample accommodation has been laid out for the customers in the general banking departments of the institution, particular attention being given to women customers. The safe deposit department will be ahead of anything within quite a large radius of the bank.

The engineering and architectural work throughout was in the charge of

Alfred C. Bossom

Bank Architect and Equipment Engineer
680 Fifth Avenue, New York

Correspondence Invited



View of lower Broadway, with the American Express Building, second on the left

The American Express Company

Growth From Domestic Shipping Company to International
Banking Institution

By Roger Warner

TODAY the American Express Company is engaged in international banking, shipping and travel. It used to be a domestic package carrying organization as well, but that activity ceased in 1918 with the consolidation of all the old-time express companies in the American Railway Express. Its business at present consists of those activities other than the carrying of domestic parcels which had taken

up much of its time and energy since its foundation in 1841.

It is not in the least strange that an express company should have grown to be primarily an international banking institution. From their very beginnings express companies have been interested and involved in banking activities. William F. Harnden, who, with the aid of a carpet bag and much Yankee common sense, started the express business at



Facade of main entrance



Main floor of the home office

1 Wall street in 1839, had embarked on a foreign remittance business within three years. Other companies, which later sprang up, devised drafts, foreign remittances, money orders and travelers checks—all natural outgrowths for organizations called upon to forward currency, banknotes, precious metals and bullion under the precarious transportation conditions of mid-nineteenth century days. Perils from highwayman, train robber, fire and wreck naturally turned the minds of these early expressmen to the devising of a system to protect their precious shipments.

Just as naturally did express companies acquire a foreign organization to take care of their shipments abroad, to superintend their remittances, and to consolidate the position of their financial paper.

Since 1891 the American Express Company has been actively in the foreign field, though before that time it had many foreign correspondents. Beginning in London, it soon had a group of offices well distributed over Europe. The last few years have seen the extension of the chain to include nearly every important commercial and financial center in the world. Today there are offices in forty-two foreign cities, as follows: *Great Britain*: Edinburgh, Glasgow, Scotland; Liverpool, London, Southampton, England; *France*: Bordeaux, Havre, Marseilles, Nice, Paris; *Belgium*: Antwerp, Brussels, Ostend; *Italy*: Genoa, Naples, Rome; *Germany*: Berlin, Bremen, Coblenz, Hamburg; *Spain*: Barcelona; *Switzerland*: Basle, Lucerne, Zurich; *Holland*: Amsterdam, Rotterdam; *Sweden*: Stockholm; *Norway*: Christiania; *Denmark*: Copenhagen; *Africa*: Cairo; *Greece*: Athens; *Turkey*: Constantinople; *Far Eastern*: Hong Kong, China; Kobe, Japan; Manila, P. I.; Peking, N. China; Shanghai, China; Tientsin, N. China; Yokohama, Japan; *South America*: Buenos Aires, Montevideo, Valparaiso.

There are, as well, thirty-five offices located in the principal cities of the United States and Canada.

In size, appearance and appointments the home office of the American Express Company in New York city



American Express Building, 65 Broadway, New York



Marble staircase, with carving symbolic of world affairs



Second floor devoted to banking activities



Patrons' room on main floor

is in keeping with this far-flung organization. "Old 65 Broadway," which for a hundred years had been falling from the position of colonial skyscraper of five stories to that of modern fire trap, was replaced in 1917 by one of the handsomest office buildings in that galaxy of handsome office buildings—lower Broadway.

"New 65 Broadway" is classical in design, twenty stories in height, and is built of granite, limestone and glazed face brick. The first three stories present a handsome banking front in granite. The doorways open into a vestibule trimmed in marble and bronze. Revolving doors connect with the elevator

corridor and with the main floor, sheer beauty in Travertine marble and bronze. On the right of the spacious floor is the travel department ticket counter, on the left a patrons' room, and various financial windows. A marble staircase, with carving symbolic of the company's world affairs, leads to the second, the banking floor, also finished in marble and bronze. The indirect lighting fixtures give to the whole a soft, even glow, which heightens the beauty.

The remaining floors of the building contain the executive, operating, technical and accounting departments of this great company, nearly 2,000 employees



Rome Office, Piazza di Opagna

who enter and leave the imposing portals each day of the business year.

The growth of the American Express Company, department by department, service by service, has been most interesting and logical.

The domestic money order, placed on

the market by the company in 1882, made it possible to send small sums of money by mail with perfect safety, rather than to ship actual cash or bank drafts, as had been necessary before. Like many forms of express financial paper, it was a natural outgrowth for a company which had to handle shipments of currency.

Next in time, and certainly as great in importance, the American Express Company devised the travelers check, which today is used by travelers in all parts of the world. The travelers check, again, was a natural development for the company, because their domestic money orders had before been used to some extent by foreign travelers for purposes of protection. The need for such a form as the travelers check was a glaring one. The first check was issued in dollars, and carried a list of equivalents in the most-used foreign currencies. The pound sterling and French franc travelers checks were devised in 1919 to protect the traveler against abnormal exchange conditions. For the traveler to use these checks corresponds to his purchasing foreign money before he starts on his journey. The travelers check exchange order, the latest addition to the American Express group of financial paper for travelers, is issued in denominations of \$500. Against it travelers checks may be procured at any office of the American Express Company or its subsidiaries.



London Office



Paris Office, 11 Rue Scribe

Travelers who are not going to use funds in an amount large enough to require a letter of credit may carry this convenient form and do away with the bulk of many checks of small denominations. The American Express travelers letter of credit is unique in that American Express travelers checks may be drawn against it without extra charge.

International shipping led to the collecting of bills due shippers and to the foreign remittance business as naturally as the transportation of currency in the United States had led to the domestic money order. Commercial letters of credit to finance exports and imports, sale of foreign drafts and cable transfers, the purchase of clean and documentary bills of exchange, and the opening of bank accounts at foreign offices for American firms, were all a part of this development. A system of foreign remittances, devised to take care of the demands of the thousands of foreigners in this country who wished to send money to their home lands, embraced mail and cable transfers as well as foreign money orders.

The travel department found its beginnings in a demand on the part of the company's clients who were already using its foreign organization for international banking and shipping, to supply a comprehensive travel service—steamship reservations, hotel accommodations, itineraries—for the use of representatives who traveled abroad. Like

the other outgrowths of the original express company, the new department was a natural and logical one. It was made the more feasible by the many foreign offices of the company. Its well-rounded services today include seasonable conducted tours to all parts of the



Tientsin, China Office



Buenos Aires Office

world, and a comprehensive service for the independent traveler. It is official representative for all ocean steamship lines, and handles the only stock of European railway tickets in this country.

The securities department, the newest among the departments of the company, carries on a wholesale business in both national and municipal bonds of foreign countries.

And so foreign shipping led to international banking; and travel and securities were most logical additions. These services "interlock". They are all handled by one organization, under

one roof, and with the guiding principle of American methods and business efficiency. They made possible the continued existence and growth of the company after it had been entirely divorced from the domestic package-carrying activity, which is perhaps still associated with it in the public mind.

For the individual the fruition of the American Express System is to be found in the services afforded by the company's foreign offices. They are veritable travel headquarters for all who have occasion to go to foreign lands, whether for business or recreational reasons. Travelers have their mail sent in care of the local offices of the American Express Company, to be held or forwarded as they direct. They use the office for the receipt and sending of cables. If they are business men, they transact their trade at the office and through the medium of the company. Whether they are business or pleasure travelers, they solve the foreign money situation and attend to travel reservations in this way. At the foreign office they find an atmosphere thoroughly American, with reading rooms, well stocked with American newspapers, at their disposal. The instances in which the local agent of the American Express Company has been of remarkable assistance to travelers in ways quite outside business relations, have been many, for these men are well-known figures in their communities. Their inclination and ability to help the traveler are not limited by the thresholds of their offices.

To banks these foreign offices offer services which are unified, of long standing, and firmly financed. The situation of American Express offices in the principal seaports and commercial centers of the world makes it possible for them to purchase and sell foreign exchange, remit by mail or cable, furnish commercial and travelers letters of credit, travelers checks, handle foreign collection and accounts to furnish foreign securities at wholesale, and to carry out all details of foreign shipping. Much of the business transacted is for American banks, who thus make use of the foreign organization of the company.



Banca Commerciale Italiana, head office, Milan, Italy

The Banca Commerciale Italiana

FOREIGN banking institutions of large capital and wide affiliations have recently become established in New York and are performing highly important services in developing closer financial and commercial relations, not only between the United States and the respective countries where the foreign banks have their head offices, but with many other parts of the world. Among such institutions the Banca Commerciale Italiana has been notably successful. This institution was established in October, 1894, with a capital of lire 20,000,000 issued in July, 1895. From then up to date the capital has been increased to lire 400,000,000 through ten additional issues of stock, and the reserve now amounts to lire 176,000,000.

Furthermore, while at the beginning it had but one office in Milan, it has branched out in eighty cities in Italy with headquarters in Milan, and in

many of these places there are several sub-branches which have become necessary in order to accommodate the increasing population.

But what is more gratifying is that not only has the Banca Commerciale Italiana made itself felt in every business and commercial place throughout Italy, but it is so intimately connected with all the principal resources and industries of that country, and its activities have assumed such a surprising number of different aspects, that it would be difficult to say if the growth of Italy has given more power to the bank or if the increased power of the bank has contributed largely to the economical and industrial growth of Italy. One must admit the correctness of what was said in the report from the board of directors to the shareholders in March last: "Our business has, in fact, progressed hand in hand with the country's improvement, of which it is both



Banca Commerciale Italiana, New York agency, corner William and Cedar Streets



Main banking floor

representative and at the same time a by no means negligible contributing factor."

DEVELOPMENT OF FOREIGN ACTIVITIES

In order to be able to keep up with the progress of the times and to have the right organization to support, improve and enlarge the various enterprises the bank is interested in, it had to develop its activities abroad, and besides opening branches in New York, London and Constantinople, the necessity of making strong connections with other banks and creating affiliations became one of the most important parts of its program.

On this matter the above-named report submitted to the stockholders said:

"The expansion of our activities abroad has, for obvious reasons, taken place especially in countries where our currency is at a premium; by a fortunate coincidence, these are, at the same time, the countries best fitted to supply our requirements of raw materials.

Thus we have at present auxiliaries in Austria, Rumania and Bulgaria, whose work has so far been successful. Elsewhere we have made arrangements with institutions which are not under our immediate control but in which we have taken a large interest; as, for instance, in Hungary and Czechoslovakia; now that conditions in Jugoslavia make possible an extension of our activities there, we are making preparations for a similar purpose and are only awaiting the restoration of more normal conditions in the south of Russia to establish ourselves also in those regions, where there should be plenty of good work to be done.

"We are very glad to say that our foreign branches in New York, London and Constantinople continue to give good results. Among the other banks in which we are interested the Banca della Svizzera Italiana has increased its capital from five to seven and one-half million francs. Our affiliation, the Banca Commerciale Italiana (France)



Reception room



Executive office



Chief executive office

has opened a branch at Nice and, on the whole, works to our entire satisfaction. As regards the Societa Commerciale d'Oriente, it too is sure to do well as soon as the countries in which it is operating re-enter the circle of international intercourse.

"The Banque Francaise et Italienne pour l'Amerique du Sud, with which we have now been connected for many years and with which our relations are becoming ever more important and cordial, has doubled its capital from twenty-five to fifty million francs. Its business is developing in Brazil and in the Argentine, where new branches have been opened, among which we may mention those at Pernambuco and Rosario de Santa Fe.

"On the South American Continent, in addition to being closely connected with the Banco Italiano of Lima, which is doing very well in Peru, we have become related, through the Banque Francaise et Italienne, with the Banco Frances e Italiano de Colombia in Bo-

gota and the Banco Frances de Chile at Santiago, the latter having recently opened a branch also at Valparaiso.

"We will not dwell upon our minor undertakings in Ecuador and Mexico, but should not like to close this chapter of our survey without giving prominence to the position attained by the Banca Commerciale Italiana & Romana, whose capital is fifty million lei. This is now among the foremost banking institutions in Rumania, and in addition to its headquarters at Bucharest, it now has branches both at Braila and Galatz. We would express equal satisfaction at the work done by the Banca Commerciale Italiana and Bulgara at Sofia.

"The Banca Ungaro Italiana (capital 350 million crowns) has started its operations at Budapest. In addition to this we have participated in another increase, i. e., that of the Boehmische Union Bank in Prague from 80 to 120 million Czechoslovakian crowns, and would also mention the assistance given



Executive office



Executive office



Secretarial department

by us to the *Societa di Navigazione Interna* of Budapest, whose capital has been increased from 2,200,000 to 11,000,000 crowns. This was the only shipping company on the Danube which remained available for Italy on this vital line of communication."

Other banks affiliated with the *Banca Commerciale Italiana* are the *Credit Anversois* of Bruxelles, the *Societa Italiana di Credito Commerciale* and the *Italian-American Bank of San Francisco*.

THE BANK'S DOMESTIC ACTIVITIES

In referring to its activities in Italy the same report reads:

"It would carry us too far to mention here the whole list of Italian undertakings in which we have participated and which cover every branch of industrial activity. We shall therefore limit ourselves to mentioning the support given to the electrical branch, which we have continued to assist most efficiently, in accordance with our past

traditions. We have thus helped in the formation of the *Societa' Elettrica della Venezia Giulia* (capital, 20 million lire) and in the large increases of capital of the *Societa' Elettrica dell' Adamello* and the *Societa' Ligure Toscana di Elettricit *. In the metallurgical and engineering branches we might mention the share of ten million lire debentures of the *Acciaierie & Ferriere Lombarde* which we took over in joint account with the *Credito Italiana* and the *Banca Italiana di Sconto*.

"Together with the latter and the *Banca Commerciale Triestina*, we have participated in the considerable increase of capital of the *Stabilimento Tecnico Triestino*, which was first raised from six to eighteen million and subsequently to forty million lire; this old-established company owns the shipbuilding yards of Muggia and San Marco.

"We have likewise participated in the formation of the *Societa Stabilimenti di Dalmine*, which has taken over the former *Mannesmann* business and also



Foreign remittance department



Foreign exchange division



Merchandise and credit department on mezzanine

in the increase of capital from fifteen to thirty million lire of the *Società Nazionale Officine di Savigliano*, in joint account with the Belgian group interested therein.

"Leaving apart minor transactions of the kind, which, however, in many cases are of no less importance, we should like to draw your attention to the increase of our participation in the "*Montecatini*" *Società Generale per l'Industria Mineraria & Agricola*, which has increased its capital first from seventy-five to one hundred million and then to two hundred million lire, in order to absorb the *Fabbrica Colla & Concimi* and the *Unione Italiana Concimi*, thus stepping to the forefront of fertilizer producing companies not only in Italy but in the world market.

"We were also instrumental in the increase of capital of the "*Foresta*", a company engaged in the timber trade and whose original capital of fifty million lire has been doubled; the raw materials in which it is to deal will find a ready market among our various

branches of industry, more especially in the building trade, for which it was essential to find a reliable source of supply. Among the further increases we might mention also that of the *Società Granaria Italiana* (grain and seed trade) from 20,000,000 to 30,000,000 lire; of the *Compagnia Italiana dei Grandi Alberghi* (hotels); of the *Cartiere Pietro Miliani* (paper mills); of the *Fabbriche Riunite di Fiammiferi* (matches); of the *Manifattura Italiana Carlo Pacchetti* (fiber); of the *Istituto Italiano di Credito Marittimo* (a shipping credit institution); of the publishing firm of *R. Bemporad & Figlio*, and many others.

"We should like to give special prominence also to our participation, together with the *Credito Italiano* and the *Banca Italiana di Sconto*, in the *Società Anonima Gas and Coke*, Milano, which deserves particular mention, not only on account of its capital of 50,000,000 lire, but because it served the purpose also of keeping this trade under Italian control.



Correspondence division on mezzanine



Bookkeeping department



Documentary credits department

"This long recital of our activities might be suitably wound up by the recording our share in forming the *Società Agricola Italo-Somala* with a capital of 24,000,000 lire. Its formation is due to the initiative of H. R. H. the Duke of Abruzzi, whose achievements in so many directions have added glorious pages to the history of national enterprise and whose high patronage should be of good omen for the success of Italian activities also on the black continent. Simultaneously let us mention another enterprise which initiated from humbler quarters and to which we gave ready support, i. e., the formation of the *Società Veneziana per l'Industria della Pesca*, a company formed for introducing motor boats into the fishing trade of the Adriatic, thus giving the latter an adequate industrial organization."

TASTEFUL EDIFICES

Under the guidance of very prominent financiers and business men the

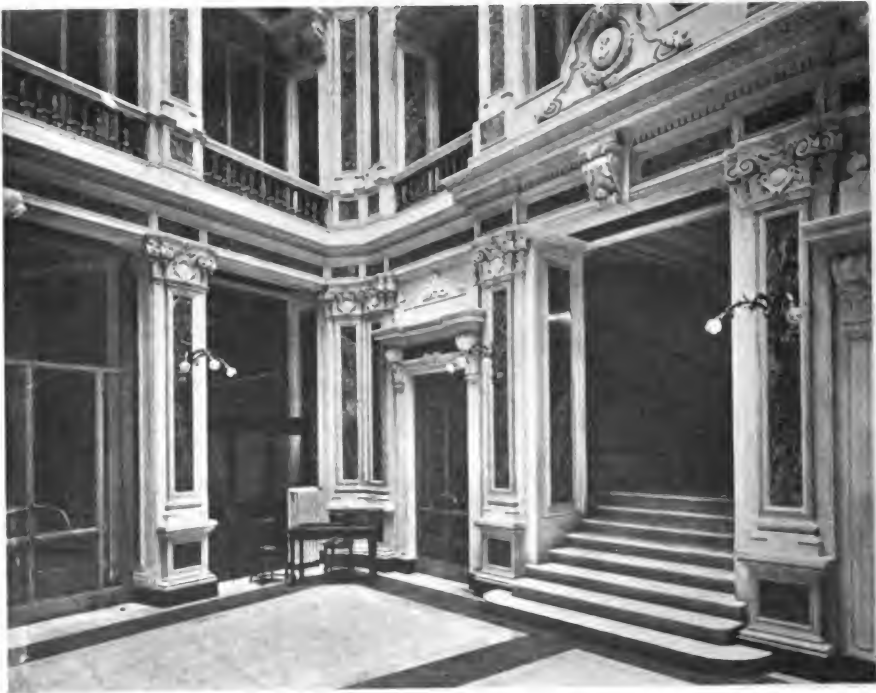
Banca Commerciale Italiana, while always keeping in mind the welfare of the country and the interest of its shareholders in the development of its program, has been mindful at all times to maintain the fame for taste and beauty attached to Italy.

The various edifices erected by the bank for the establishment of its branches, besides being good pieces of architecture, are responding to every modern requirement; but what attracts the special admiration of all who know it, is the palatial building in Milan, all of white marble on the outside and with halls, staircases and rooms decorated in a sober but rich elegance, amply satisfying the most exacting requirements of taste, comfort and efficiency in service. And although it is by no means a small building, increase of business has demanded the construction of another building to be the future residence of the head office only.

About 7,000 people are on the bank's payroll and of these nearly 1,000 are



Main banking room of the head office at Milan



Foyer of the Genoa office



Partial view of the public space in the main banking room, Genoa office

in Milan alone. The employees of Milan have formed the B. C. I. Club, which took a large building for its residence, transforming it into a suitable place for the purpose of giving recreation, rest, mental stimulus and physical



Assistant managers' room, Genoa office



Reception room at the Florence office

training to the members. The club is under the patronage of the directors of the bank.

Of even greater importance than the club is the pension fund which has been created for the benefit of all the employees. The aim of this is to provide pensions in old age or subsidies in case of sickness.

The Italian Government has recognized this fund as an independent institution, granting to it the support of the law.

To give an idea of the rapid develop-

ment of the New York branch of the Banca Commerciale Italiana it might be well to recall that it was opened in June, 1918, with only a small force, and in July, 1921, it became necessary to transfer its quarters to its own building at 62 William street, and in order to handle the volume of its business its force has been increased up to about 200 people.

The progress of the Banca Commerciale Italiana is well illustrated by the accompanying table.

(In Million Lire)

Years	Capital	Reserves	Pension fund	Deposits savings	Correspondents creditors	Securities deposited
1895	20	1.3	-----	6.9	40.2	53.5
1904	80	16.5	1.7	100.1	169.8	344.8
1910	105	35.0	6.3	207.2	353.7	709.4
1917	156	59.7	16.0	349.7	1,521.0	1,639.1
1920	312	156.0	33.5	770.1	4,203.6	5,249.5

	Portfolio Italian and foreign	Correspondents debtors	Advances on bills	Loans on securities and bonds	Miscellaneous participation	Participation in other banks
1895	15.8	31.7	15.5	2.7	1.5	-----
1904	93.4	167.9	79.4	31.6	5.6	-----
1910	290.1	216.5	99.0	38.8	21.8	12.0
1917	1,269.3	707.5	66.1	50.3	11.7	14.0
1920	3,261.0	1,636.0	669.6	157.9	92.7	81.9

What Becomes of the Gold?

ONE of the curiosities of the golden flood which has poured in upon the people of the United States since the beginning of the war is the addition of over \$300,000,000 worth of gold manufactures to their already large stock of personal effects of this character.

The additions made to the already existing stocks of material manufactured from the precious metal have been, says the *Trade Record* of the National City Bank of New York, exceptionally large during and since the war. In prewar years, says the bank's statement, we were accustomed to utilize from twenty-five to thirty million dollars worth a year of "new gold" in the "manufactures and arts." The term "new gold" represents the sum actually added to the existing stock of gold manufactures and is exclusive of the large quantities of old material turned in at the assay offices and there transformed into condition in which the metal could be re-utilized for similar lines of work.

Most of the gold used by the manufacturers of the country is presumably purchased direct from the assay offices and the mints, and the reports of the director of the mint show that these purchases prior to the war averaged about \$35,000,000 a year of "new material," and \$8,000,000 a year of "old material." In 1916, when our imports of gold jumped to practically \$500,000,000 and the earnings of the people were also greatly increased, the sales of "new gold" by the assay offices and mints jumped to \$41,000,000 and of "old material" practically \$10,000,000; in 1919 \$56,000,000 of the "new material," and the "old material" \$20,000,000; and in 1920 the "new gold" sold exceeded \$60,000,000 in value, while the total for 1921 will approximate \$40,000,000. The additions of "new gold" since the beginning of the war have aggregated over \$300,000,000 and brought the grand total of governmental sales of "new gold" for industrial purposes since 1880 up to approximately a billion dollars. Most of this was

transformed into manufactures for use of the people of the United States, as the value of exports of gold manufactures is comparatively small, seldom reaching a million dollars a year.

In other parts of the world the normal consumption of gold for industrial purposes is also large. Studies of this subject made by the United States Mint Bureau in the years immediately preceding the war indicated that the world's industrial consumption of gold had aggregated about two billion dollars in the short period 1890-1910, of which about twenty per cent. was used in the United States. In the occidental world alone the total consumed for manufacturing purposes was about one and one-half billion dollars in the twenty-year period and an estimate for the Orient, chiefly India, brings the total world consumption in the twenty-year period up to fully \$2,000,000,000. While much of the gold entering India disappears and is reported as "buried", the Indian Government states officially that the uncoined gold imported into India may be considered as to be used for ornaments and manufactures, and the Statesman's Year-Book of 1921 in recording the heavy gold imports of India remarks that "gold is used chiefly in the form of ornaments."

These figures, which indicate a world consumption of fully \$2,000,000,000 worth of gold for industrial purposes in the short period 1890-1910—an average of about \$100,000,000 per annum—throw, adds the bank's statement, an interesting side light upon that much discussed question of "what becomes of the gold?" World statisticians estimate the total out-turn of gold in the world since the discovery of America at slightly more than \$18,000,000,000, while the annual studies of the United States Mint Bureau regarding gold monetary stocks in all the countries of the world have never disclosed the existence of more than eight and one-half billion dollars as the grand total of gold monetary stock visible in all parts of the world for which records can be had.



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Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

BANKS throughout the country note a gradual approach toward an industrial equilibrium which will restore business to its normal state. The Cleveland Trust Company in the October issue of its *Business Bulletin*, mentions "the fair preponderance of credible evidence" in confirmation of this gradual business improvement, and speaks of the turn in the tide as indicated in the increase in the production of many commodities of fundamental industrial importance, and of the encouraging increase of building construction in Cleveland.

SUBSTANTIAL GAINS IN BUILDING INDUSTRY

Under the head of gains in the building industry the October *Guaranty Survey* of the Guaranty Trust Company, of New York notes that:

Contracts awarded in September reflect substantial gains in activity in the building industry. The aggregate of contracts in twenty-seven northeastern states for the month, as reported by the F. W. Dodge Company, was \$246,186,000, the largest monthly total in the current year and a record for September. This was eleven and one-half per cent. in excess of the total for August. In the last ten years the average value of contracts for September was fourteen and one-half per cent. less than for August.

In further comment on the above quoted paragraph on building gain, the First Wisconsin National Bank of Mil-

waukee remarks in its *Business and Financial Comment* for October that:

This unusual increase in building awards at this season of the year is undoubtedly due to the shortage of homes. Residential construction leads all other. The pressure on housing accommodations is still great and rents have shown few signs of yielding. It is noticeable that many houses are being built for quick sale.

The average cost of building materials is down about forty per cent. from the highest point reached last year. While in some cities the wages of building workmen have fallen from twelve to twenty per cent., in others there has been little or no reduction. It is reported, however, that building labor is doing twenty-five to thirty per cent. more work than it did during the boom period. As direct labor cost is estimated to be around forty per cent. of the total cost of a house, a twenty per cent. reduction in the labor item would mean a saving of eight or ten per cent. on the total cost of a house.

The total cost of building an average house as compared with a year ago is variously estimated at from twenty-five to thirty-three and one-third per cent. less. In some quarters it is declared that prices of building materials will not go lower next year; on the contrary, it is freely predicted that they will be higher. The argument is that the pressure for new building will maintain prices. Against this view is the fact that industrial costs are relatively lower than building costs. Building cannot long be maintained on a superior level of cost and employ its full man-power and capacity. The moment the building shortage begins to be relieved, building costs will yield. This time may come sooner than expected.

The Federal Reserve Board's Washington bulletin for November says in its general survey of October conditions:

Basic manufacturing and structural industries have not yet shown the influence of reviving demand, except to a limited degree. There has been some increase in activity, although the extent of it has varied quite materially as between industries. In iron and steel an increase both in production and in unfilled orders has taken place which, although limited in amount, is regarded as of first-rate importance as marking the turn from the low point. Conditions surrounding the production and sale of nonferrous metals are materially improved in the southwestern mining districts, and bituminous coal production has shown a substantial increase. Better conditions are also reported in the lumber industry, one or two districts, notably Minneapolis, however, furnishing an exception. The activity of building has been particularly noteworthy because of its continuance beyond the time when a seasonal reaction would ordinarily occur.

THE UNEMPLOYMENT SITUATION

Turning to the subject of the unemployment situation, the *Federal Reserve Bulletin* says:

Although unemployment continues to be a serious element in the existing situation, there has been a fairly general increase in the number of men employed. Relatively little labor unrest exists at the present time, but the announcement of a call for a nationwide railroad strike produced, in some districts at least, an effort to speed up industrial activities with the intention of facilitating larger rail shipments in anticipation of a possible crippling of the transport system. The possibility of such a strike apparently was reflected only to a slight degree in other branches of industrial activity during the month, owing no doubt to the belief that an accommodation designed to prevent its occurrence would be arrived at.

HIGH WAGES FORCE UNEMPLOYMENT

The National City Bank of New York voices the opinion that high wages are forcing unemployment, and says in its November bulletin:

The fact is that wages are so high that they force unemployment, the public not being able to buy the products at the existing level of costs. The story of the farm wagon illustrates the whole situation. If wagons cannot be sold, less coal will be used in the factories and fewer trains will be moved on the railroads. It is probable that much corn will be burned for fuel this winter, which means that less coal will be mined and the railroads will lose the transportation of both coal and corn. Moreover, the high costs of transportation and of mining coal

come back to the wage-earner's door, added to the cost of everything he buys.

Broadly speaking, the people in the town industries must sell their goods and services either to the country people or to themselves. It is plain that the former cannot take their usual share at present prices, and the town populations have nothing to gain by holding up the cost of living on themselves. A general reduction of industrial costs would accomplish two very desirable objects, to wit: provide work for the unemployed and lower the cost of living for everybody.

ENCOURAGING FEATURES OF SITUATION

The Mechanics and Metals National Bank, of New York, speaks of the encouraging features of the situation as follows:

Among the brightest signs of the times is the appreciation which is shown in every branch of business of the need for cooperation to bring about a restoration of prosperity. The minds of the American people are working normally and with a definite objective in view, that objective being a thorough business adjustment upon which may be laid the foundation for another period of true national prosperity. Until a very little while ago this was not so; there was a confused belief that deflation could be limited to a reduction in dividend distributions and a lowering of merchandise costs. Producers, manufacturers, merchants and carriers were called upon to cut the commodities they had to sell to a price level that was "fair". But the great consuming public, having lived through several years of intense inflation, was ready to accept nature's law of action and reaction only as that law operated against others and for its benefit.

It is recognized that no permanent good would come from any organized attempt to whip business up beyond the really conservative and sane rate which existing conditions warrant. Industries which are fairly well liquidated are seeking an advantage from the improved state of business affairs, and are planning enlarged operations on the current basis of wages and prices of materials. But it is still recognized as necessary to study the conditions of supply and demand in each particular industry, and to determine the degree in which that industry really is liquidated. More than that, it is still recognized as necessary to determine the relation of each particular industry to the broad economic forces at work—forces which are the outcome of the war that disrupted business relations, and of the peace that was to have started the work of restoring those disrupted relations.



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THE GROWING SPIRIT OF THRIFT

On the noticeable growth of the thrift spirit through the country the New York National Bank of Commerce, in an October bulletin, remarks:

Another factor of great significance which cannot be overlooked is the growing spirit of thrift. In the United States, as elsewhere, much extravagance undoubtedly resulted from the period of high wages and high profits. It is nevertheless true that large sections of the public took advantage of the opportunity to establish savings accounts and to begin the purchase of homes, while the wide distribution of Liberty bonds familiarized many with investments in securities. Except in a few areas the widespread and severe unemployment has not materially reduced savings bank deposits, while in some localities steady gains in such deposits have been made throughout the period of depression. Sharp curtailment of income has impressed the necessity of saving on many who failed to take advantage of temporarily higher incomes. Economy has become fashionable. The time has passed when any considerable section of the public will buy regardless of cost. Sales policies based on a belief that buying can be stimulated by artificial methods and that

another era of extravagant buying can be induced under present conditions will not succeed.

The American consumer, however, has suffered no material permanent curtailment of purchasing power. Goods of all kinds, in large volume, can be sold in every part of the United States today, if they are staple in character, and if prices are such as to represent real values to conservative purchasers. As the volume of goods thus sold expands, employment will automatically increase and, in turn, new purchasing power will develop. The domestic market assures the American producer of an outlet.

PROSPERITY DEMANDS TAX REVISION

The First National Bank of Philadelphia speaking through its president, William A. Law, says in its November letter:

There must be an intelligent revision of the taxation system if the country is to go ahead, for the present burden is almost intolerable and must be more wisely distributed. There is other constructive legislation for Congress to consider and many important reforms to put through. It is apparent, however, that sustained progress is being made in various lines where one year ago

virtual stagnation seemed to rule. It is an interesting situation and one full of extraordinary possibilities in connection with developments in European finance and the efforts of Germany to meet its reparation obligations. There are definite signs that prices of basic commodities have in many cases been pretty well stabilized and that some revival may now be looked for. The situation is in various aspects stronger than it was at this time last year and, while there is no rush of business in sight, there are grounds for taking a conservatively hopeful view of the future.

THE PRESIDENT'S UNEMPLOYMENT CONFERENCE

The findings and consequent recommendations of the President's conference on unemployment in Washington, of which Herbert Hoover was chairman, are set forth in the commerce reports of October 24.

Under the separate heads, first of "Emergency Measures Recommended for the Recovery of Employment," and, secondly, "Measures Recommended for the Permanent Recovery of Employment," the conference presents a summary of recommendations which are quoted in part as follows:

1. The conference finds that there are, variously estimated, from 3,500,000 to 5,500,000 unemployed, and there is a much greater number dependent upon them.

2. The problem of meeting the emergency of unemployment is primarily a community problem.

3. The basis of organization should be an emergency committee representing the various elements in the community. One immediate step should be to coordinate and establish efficient public employment agencies and to register all those desiring work.

4. The personnel of the employment agencies should be selected with consideration to fitness only.

5. The emergency committee should regularly publish the numbers dependent upon it for employment and relief.

6. Private houses, hotels, offices, etc., can contribute to the situation by making repairs during the winter instead of waiting until spring, when employment will be more plentiful.

7. Public construction is better than relief.

8. The governor should unite all state agencies for support of the mayors.

9. The Federal authorities, including the Federal Reserve Banks, should expedite the construction of public buildings and public works covered by existing appropriations.

10. A congressional appropriation for

roads, together with state appropriations amounting to many tens of millions of dollars already made in expectation of and dependence on Federal aid, would make available a large amount of employment. The conference recommends congressional action at the present session in order that work may go forward.

11. The greatest field for immediate relief of unemployment is in the construction industry, which has been artificially restricted during and since the war. We are short more than a million homes. Considering all branches of the construction industry, more than 2,000,000 people could be employed if construction were resumed.

12. Manufacturers can contribute to relieve the present acute unemployment situation by—

(a) Part-time work, through reduced time or rotation of jobs.

(b) As far as possible, manufacturing for stock.

(c) Taking advantage of the present opportunity to do as much plant construction, repairs, and cleaning up as is possible, with the consequent transfer of many employees to other than their regular work.

(d) Reduction of the number of hours of labor per day.

(e) The reduction of the work week to a lower number of days during the present period of industrial depression.

(f) That employees and employers co-operate in putting these recommendations into effect.

MEASURES RECOMMENDED FOR PERMANENT RECOVERY OF EMPLOYMENT

1. Readjustment of railway rates.

2. Speedy completion of the tax bill, with its contemplated reduction of taxes.

3. Definite settlement of tariff legislation.

4. Settlement of the financial relationships between the government and the railways.

5. Limitation of world armament and consequent increase of tranquillity and further decrease of the tax burden, not only of the United States but of other countries.

6. Steps looking to the minimizing of fluctuations in exchange.

7. Definite programs of action that will lead to more regular employment in seasonal and intermittent industries, notably in the coal industry.

8. In all the different industries and occupations the rapidity of recovery will depend greatly upon the speed of proportionate adjustment of the inequalities in deflation.

RESERVE FUNDS AS DEPRESSION PREVENTATIVES

If saving rather than waste were the keynote of financial booms, business, in the opinion of Edward Eyre Hunt, secretary of the President's Conference on



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Unemployment, would in large measure safeguard itself against periods of recurring depression, and consequent unemployment. In an address in New York on October 25 before the Society of Industrial Engineers, he goes on to say:

The peak periods of boom are times of speculation, over-expansion, extravagance in living, relaxation in effort, wasteful expenditure in industry and commerce, with consequent destruction of capital. The valleys are marked by business stagnation, unemployment, and suffering. Both of these extremes are vicious, and the vices of the one beget the vices of the other. It is the wastes, the miscalculations, and the maladjustments grown rampant during booms that make inevitable the painful process of liquidation. The most hopeful way to check the losses and misery of depression is therefore to check the feverish extremes of "prosperity". The best time to act is at a fairly early stage in the growth of the boom.

In any analysis of our productive processes, we can make a broad distinction between our additions to national plant and equipment, such as houses, railroads, manufactures, and tools on one hand, and the consumable goods which we produce on the other. At the present time we increase our

activities in both of these directions at the same time and in their competition with each other we produce our booms. If all branches of our public works and the construction work of our public utilities—the railways, the telephones, etc.—could systematically put aside financial reserves to be provided in times of prosperity for the deliberate purpose of improvement and expansion in times of depressions, we could not only greatly decrease the depth of depressions, but we would at the same time diminish the height of booms. . . Nor is this plan financially impracticable. Under it our plant and equipment would be built in times of lower costs than is now the case when the contractor competes with consumable goods in overbidding for both material and labor.

OUR BANKING POLICY IN THE LATE CRISIS AND DEPRESSION

In support of the manner in which our banks aided by the Federal Reserve Banks met the shock of the crisis and depression consequent upon the "prosperity boom" in the trail of the late war, Benjamin M. Anderson, Jr., economist of the Chase National Bank of New York, in an address before the St.

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Louis Chamber of Commerce, said in part:

When the abnormal forces which had generated and maintained the boom began to slacken, the reaction was extraordinarily violent.

It is the business of banks in such a situation to lend freely to all solvent business men, so that they may have time to adjust their affairs, and particularly may have time to utilize their slow assets to offset their quick liabilities. If a solvent business man must have \$50,000 to save him in a crisis, the bank should lend him \$50,000—not \$30,000. With the Federal Reserve Banks behind them, our banks were able to do this adequately for the first time in our history. With the shock of the crisis over and with panic averted, our banks were able to move with care and discrimination in bringing about so great a liquidation of credits as to make money conditions very appreciably easier. The liquidation is not yet complete, but it has certainly gone so far as to justify the confident statement that the loan funds of the country are abundantly adequate for all ordinary business purposes. Indeed, I have not known of a case in the past seven or eight months when a business man whose credit was good could not borrow all that he needed for current productive purposes. Those who find it hard to borrow are either men who are trying to carry old goods or old positions in the vain hope of recouping last year's costs, or else men whose resources have been so depleted by the crisis that they are not regarded as satisfactory credit risks.

MILWAUKEE EXECUTIVES DISCUSS POLICIES FOR BUSINESS IMPROVEMENT

Under the head of "What Will Improve Business," the Wisconsin National Bank of Milwaukee, through its October "Business and Financial Comment," quotes the opinion of twenty-seven leading Milwaukee executives as to the relative importance of the six

most generally discussed policies for promoting business recovery. This article says:

More people are at work today telling the public what would most benefit business than ever before. The opinions of business men themselves are likely to vary according to the nature of their business, their location, etc. The most generally discussed policies for promoting business recovery might be boiled down to the following: Lower freight rates, lower wages, stabilization of prices, further liquidation of inventories, relief from war taxation and increase in exports. Twenty-seven of the leading business executives of Milwaukee were asked to rank these six policies in order of importance. The resultant of the opinions of these men was the following ranking: (1) Lower freight rates, (1) relief from war taxation, (3) lower wages, (4) stabilization of prices and increase in exports which tied for fourth place, and (5) further liquidation of inventories. As the preference shown among the first three suggested remedies was not marked, the net result of the inquiry is that lower freight rates, relief from burdensome war taxation, and reduction of wages to accord with the new price level, are considered essentials of a program of industrial reconstruction. It is significant that these bear directly upon the question of reducing costs of production.

DOWNWARD PRICE TREND BASIC CHANGE FACING BUSINESS TODAY

The *Bache Review* for October 22 remarks that business faces an entirely new set of conditions compared to those of many years prior to 1920, the most basic change being that of the price trend.

The turning point came in the spring of 1920, continues the *Review*, when the period of rising prices of the past twenty-four years came to a sudden end.

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With regard to the effect of this change on business men, the *Review* quotes Vice-president Frank K. Houston of the Chemical National Bank of New York, as saying:

A generation of business men trained in the school of expanding margins, of selling prices constantly climbing faster than costs, suddenly faced a new situation. The bottom fell out of selling prices, and profit margins faded away. No man needs to be reminded today of the events which followed. Business and industrial organization, financial institutions, farmers and laborers have suffered alike from the sharp collapse of the economic system.

And in considering the situation further, Mr. Houston believes that there can be no return in the near future to the easy prosperity of 1916, 1917 and 1919. In those years slack business methods carried through, and inefficiency became successful. Those days are gone. "The tide of business failures which flowed during the past eighteen months was evidence of the extent to which rising prices and 'cost-plus' guarantee had permeated business with inefficient men and methods. Crisis and liquidation have weeded out weak men and poor methods. The men who remain will face a keener

struggle than American business has known for years."

It is hard to overcome the business diseases bred by a great inflation period—slackness of operations, greed, and profiteering in making prices—these extend through the rank and file and obsess the retail dealers throughout the country; not all, but very many of them. Necessity—the hard facts of the actual situation, will cure them gradually. And, as Mr. Houston says, "the business unit which is to succeed must be lean and fit, prepared to operate on narrow margins and to face keen competition. * * * American business faces a hard game, but a fair one. And it will win; there is no doubt about that."

"STABILIZE" EXCHANGE BY "STABILIZING" CONDITIONS GOVERNING IT

Under the head of "Stabilization of Exchange," the October issue of the *Acceptance Bulletin*, official publication of the American Acceptance Council, discusses the erratic fluctuations in the foreign exchange markets and the endless discussion of varied formulæ by which exchange can be "stabilized". The *Bulletin* goes on to say:



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1836
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Foreign exchange in itself is by no means a complicated subject under normal conditions. The rise and fall in sterling, francs or reichsmarks simply reflect the flow of goods, services, credit, capital or gold from one country to another—all based on the gold standard of settlement in one way or another.

But the gold standard of settlement has been swept away save in the United States and it is idle to attempt to gauge the value, except in a purely speculative way, of the mark, for example, when that mark is backed by neither gold nor goods except to a very small degree and that degree being almost daily lessened by the continuous activity of the printing presses.

It seems to be the consensus of opinion that the so-called "stabilization" of German exchange would remove one of the important factors contributing toward the extraordinary fluctuations of the important European exchanges. But how is that to be accomplished?

In normal times the Reichsbank circulation, we believe, ran somewhere around 2,000,000,000 to 3,000,000,000 marks, backed by a substantial gold reserve plus an active and profitable external and internal trade. These marks were worth approximately 25 cents each or four to the dollar. During the war the circulation constantly expanded, but the wildest period of inflation has come within the past year. At the beginning of 1921 there were outstanding about 68,000,000,000 marks issued by the Reichsbank. Each successive month has witnessed a further increase until, according to the latest reports available, there are now outstanding about 88,000,000,000 marks in Reichsbank notes to say nothing of perhaps 10,000,000,000 marks Darlehnskassenscheine or Loan Bureau Notes, which are issued by what are popularly known in Germany as the war loan bureaus, organizations created by the government for the purpose of making advances on collateral which would not ordinarily go at the banks. Meanwhile the value of the mark in international trade has fallen to under two-thirds of a cent.

This huge volume of currency is backed by a gold reserve relatively so thin as to be hardly worth reckoning and a production of goods estimated at about half of the pre-war volume.

Superficially considered, this might seem to be a hopeless situation. But we are not willing to view it in that light. If thorough investigation reveals that the reparation payment required of Germany will break her back, then relief must be granted either in the form of a reduction of the amount or an extension of time for payment, or both.

Meanwhile, let us not be misled by market quotations of a credit instrument, such as marks, of a nation whose credit has been so seriously impaired that the wonder is that its practically unsecured token money has

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any value at all in the international markets. Germany can hope to rehabilitate herself at home and abroad only through the goods she can produce, and services she can render, which will be exchangeable for real values. And it is necessary for Germany and other Central European countries to have at their disposal the raw materials and other facilities which will enable them to work out their own salvations through industry applied to gainful occupations.

That is the real cure for the situation, without which financial expedients, however skillfully devised, must lack the elements essential to stability.

RETAIL FOOD PRICES DECREASE

Retail food prices showed a decrease in nine out of eleven principal cities of the United States from September 15 to October 15, 1921. This change is noted in a report issued November 9 by the Bureau of Labor statistics of the United States Department of Labor at Washington which, covering this period states that:

In Milwaukee, there was a decrease of three per cent.; in Chicago, Detroit, and Indianapolis, a decrease of two per cent.;


in Peoria and St. Louis, a decrease of one per cent.; in Bridgeport and Minneapolis, a decrease of four-tenths of one per cent.; in Newark, a decrease of one-tenth of one per cent. In Columbus, there was no change during the month, and in Mobile, there was an increase of one per cent.

For the year period, October 15, 1920, to October 15, 1921, there was a decrease of twenty-six per cent. in Mobile; twenty-five per cent. in Detroit; twenty-four per cent. in Minneapolis and St. Louis; twenty-three per cent. in Chicago, Indianapolis, Milwaukee and Peoria; twenty-two per cent. in Bridgeport and Newark; and twenty-one per cent. in Columbus.

As compared with the average cost in the year 1913, the retail cost of food on October 15, 1921, showed an increase of fifty-four per cent. in Detroit; fifty-three per cent. in Chicago and St. Louis; fifty-two per cent. in Milwaukee; fifty per cent. in Newark; and forty-seven per cent. in Indianapolis and Minneapolis. Prices were not obtained from Bridgeport, Columbus, Mobile, or Peoria, in 1913, hence no comparison for the eight-year period can be given for these cities.

CREDIT AND THE GROCER

In an open letter to the "National Association of Credit Men on "The Prop-



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J. I. Case Threshing Machine Co.
Dept. L. 401 RACINE, WIS.

er Uses of Credit," J. H. Tregoe, secretary-treasurer of the association, speaks of the inadvisability of giving or asking credit on immediate consumption commodities. Mr. Tregoe goes on to say:

The foodstuffs and supplies entering the household and designed for immediate consumption are not the proper basis for credit, and whenever credit is founded upon them, there a risk attaches over and beyond the personal abilities of the buyer to protect his credit obligations. Too much credit may really prove a curse. It has many, many times. I want, therefore, to voice a strong sentiment that commodities intended for immediate consumption should be paid for immediately and not be made the basis of credit. The little pass book for the corner grocer, the credit for the daily supplies of the home should be abolished. Payment and not a promise should be exchanged for commodities of this kind. The store wants to be accommodating. Many stores believe that business can be built up on credit to its customers, but the cost attaching to this type of credit increases the overhead and puts such stores to a disadvantage in competing with those that require the immediate payment. A settlement of this matter should not be left to the store. It should be made a matter of real conscience by those who patronize the store. The man and woman who values the proper use of credit

in the big affairs of life should with equal intelligence recognize that in the little matters credit should also be used properly and neither asked nor given where the underlying value will be immediately consumed.

It is time, in our judgment, to start a campaign of this kind and to do away with a system of credit that too frequently imperils the welfare of the retail merchant or places his cost at a point where everyone must contribute to the loss when the buyer who pays should receive the advantage of the very lowest prices.

PER CAPITA INCOME TABLE IN TERMS
OF 1913 DOLLAR

The following table recently compiled by the National Bureau of Economic Research, an organization of the country's most prominent economists and statisticians, shows the rise from 1909 to 1918 of the per capita income in the United States in dollars, and the purchasing power of these dollars in terms of the 1913 dollar. The table follows:

Year	Total national income (billions)	Per capita income in dollars	Per capita income in "1913 dollars"
1909	\$28.8	\$319	\$333
1910	31.4	340	349
1911	31.2	333	338
1912	33.0	346	348
1913	34.4	354	354
1914	33.2	335	333
1915	36.0	358	350
1916	45.4	446	400
1917	53.9	523	396
1918	61.0	586	372

This bureau finds that only one out of a hundred (one per cent.) income receivers in the United States in 1918 had incomes of \$8,000 or more, and that this one per cent. had fourteen per cent. of the national income. Five per cent., representing incomes above \$3,200, had twenty-six per cent. of the total. Ten per cent., including incomes above \$2,300, had nearly thirty-five per cent. of the total; the most prosperous twenty per cent., including incomes above \$1,750, had about forty-seven per cent. Eighty per cent. of the income receivers had incomes below \$1,750, receiving about fifty-three per cent. of the total income.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia



*Nearly 19,000 vehicles pass the corner of Fifth Avenue and
42nd Street, New York, every twelve hours.*

A public library on this corner has 2½ million visitors a year.

*The policies which direct gigantic mills and factories states away
are formulated in nearby buildings.*

THIS is Uptown New York

With the establishment of its uptown office,
Mercantile can now serve every business
interest in New York, no matter where lo-
cated. Out-of-town visitors are invited to
call upon us when in the city.

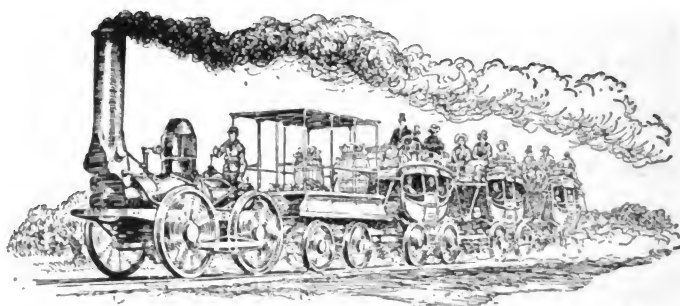


Mercantile Trust Company

115 Broadway, New York

UPTOWN BRANCH: Madison Ave., and 45th St.
(Borden Building)

Member of Federal Reserve System



The Railroads and Sectional Barriers

ALTHOUGH the first railroad—twelve miles of the Baltimore & Ohio—was built in 1821, it was for a long time a matter of opinion whether railroads or canals were the logical method of transportation. Whereas the canals followed the natural lines of communication North and South, the railroads broke across sectional barriers, and brought the East and West together. Not, however, until around 1840 was victory conceded to the railroads, and the pe-

riod of real railroad expansion began.

* * *

From the limits of the small community that New York was, when the Bank of the Manhattan Company was founded in 1799, the service of the Bank has followed American business through every stage of its development. Today its service is nation-wide, and its range of contacts covers business activities of almost every conceivable nature.

BANK of the MANHATTAN COMPANY

CHARTERED



1799

40 WALL STREET, *New York*

Capital \$5,000,000. Surplus and Undivided Profits, \$17,362,702.90

UPTOWN OFFICE—31 Union Square, New York

QUEENS BOROUGH OFFICES—Jamaica, Flushing, Long Island City, Far Rockaway, Rockaway Park, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Maspeth,

Corona, College Point, Woodhaven, Ridgewood, Fresh Pond

BROOKLYN OFFICES—St. John's Place and Cypress Hills

OFFICERS

STEPHEN BAKER, *President*

RAYMOND E. JONES, *First Vice-President*

JAMES MCNEIL, *Vice-Pres.*

EDWIN S. LAFFEY, *Vice-Pres.*

FRANK L. HILTON, *Vice-Pres.*

B. D. FORSTER, *Vice-Pres.*

P. A. ROWLEY, *Vice-Pres.*

V. W. SMITH, *Vice-Pres.*

HARRY T. HALL, *Vice-Pres.*

D. H. PIERSON, *Vice-Pres.*

JOHN STEWART BAKER, *Vice-Pres.*

W. F. MOORE, *Asst. Cashier*

O. E. PAYNTER, *Cashier*

E. S. MACDONALD, *Asst. Cashier*

I. S. GREGORY, *Asst. Cashier*

W. A. RUSH, *Asst. Cashier*

O. G. ALEXANDER, *Asst. Cashier*

H. M. BUCKLIN, *Asst. Cashier*

GEO. S. DOWNING, *Asst. Cashier*

C. W. CAPES, *Asst. Cashier*

EASTERN STATES

CHANGES AMONG OFFICERS OF
BANK OF AMERICA

A number of important changes among the officers of the Bank of America, New York, have been announced by President Edward C. Delafield.

The growth of the bank's foreign department has been such that it has necessitated the reorganization into two departments. L. B. Heemskert, formerly assistant manager of the foreign department, becomes manager and the former manager, G. O. Moody, assumes the new position of manager of the foreign exchange department.

The Brooklyn business of the Bank of America has developed a number of special needs and George Whitlock, previously manager of the Bush Terminal office, becomes assistant cashier in charge of commercial business at the Franklin Trust office. Crowell Hadden, 3rd, is advanced from assistant manager to manager of the Bush Terminal office. Mr. Hadden represents the third generation of bankers in his family, all connected with the Franklin Trust Company, now merged with the Bank of America. His grandfather, now president of the Brooklyn Savings Bank, is the only surviving incorporator of the Franklin Trust Company.

Other changes are the transfer of J. DeMund Van Dien, assistant cashier of the Wall street office to a similar position in the Fulton street, Brooklyn office, because of the increasing volume of business at the latter office. Alex N. Nyland leaves the Fulton street office where he was assistant manager to become connected with the Bush Terminal office in a similar capacity.

ELECTED VICE-PRESIDENT OF
GUARANTY TRUST COMPANY

At a meeting of the executive committee of the Guaranty Trust Company of New York, Oscar Cooper was elected vice-president and manager of branches. Mr. Cooper has been president of the New York County National Bank, recently acquired by the Chatham and Phenix National Bank.

Mr. Cooper is one of the best known of the younger bankers of New York. He came here four years ago from California, where he was born, to accept a position on the staff of the Guaranty Trust Company, which he left to become president of the New York County National Bank. He has conducted the affairs of the latter institution with conspicuous success.

Following his graduation from Harvard

Going Abroad To
See America

YOU would not go to London to reach the Yellowstone or the Grand Canyon. Neither is it logical to send your items for collection in the New York wholesale district to a bank not dealing with that district. Some of the largest merchants here are our own customers, consequently you obtain the benefit of a direct, time-saving, authoritative service. Write us about the particular service you require.

**ATLANTIC
National Bank**
257 Broadway—Opposite City Hall
NEW YORK CITY

College and Law School, Mr. Cooper practiced law in San Francisco and engaged in general business activities there until invited to this city by the Guaranty Trust Company. His headquarters will be at the Fifth avenue office of the company at Forty-fourth street.

MEMBERS OF EXECUTIVE COUNCIL
APPOINTED

Col. Thomas B. McAdams, president of the American Bankers Association, was the guest of honor at a banquet given by the Bankers Club of Richmond, Va., in the Jefferson Hotel Auditorium in that city, October 29. The Richmond bankers extended invitations to bankers in many localities, and several from New York, Philadelphia, Chicago, Boston and St. Louis, as well as other cities, attended.

President McAdams has appointed as members of the executive council at large the following:

H. M. Robinson, president First National Bank of Los Angeles, Cal.; Percy H. John-



Specializing—

in serving **BANKS, BANKERS**
and **BUSINESS MEN** in the
transmission of funds to all
parts of the world.

Bankers can make arrangements
with us whereby they can, as
principals, draw their own drafts
on all parts of the world, or
remit by money order to payees
abroad. We furnish the neces-
sary equipment.

Correspondence invited

Kardos & Burke
32 Broadway, New York

Philadelphia Boston Baltimore
Pittsburgh Brooklyn Chicago

Direct Private Wires Connecting All Offices

ston, president Chemical National Bank of
New York; John W. Staley, president Peo-
ples State Bank of Detroit, Mich.; George
Woodruff, president First National Bank of
Joliet, Ill.; Oscar Wells, president First Na-
tional Bank of Birmingham, Ala.

In addition, the chairman of the four com-
missions of the American Bankers Associa-
tion for the current year have been ap-
pointed as follows:

Commerce and marine commission, Fred
I. Kent, vice-president Bankers Trust Com-
pany, New York; agricultural commission,
Joseph Hirsch, president Corpus Christi
National Bank, Corpus Christi, Tex.; eco-
nomic policy commission, M. A. Traylor,
president First Trust and Savings Bank,
Chicago, Ill.; public relations commission,
Francis H. Sisson, vice-president Guaranty
Trust Company, New York.

BENEFICIAL LOAN SOCIETY EXPANDS

George Hodson, vice-president of Bene-
ficial Loan Society, announces that addi-

tional branches are being opened in the
cities of Atlanta and Indianapolis for mak-
ing loans of \$300 or less repayable in month-
ly instalments to persons of good character
who have steady employment. This in-
creases the Beneficial organization to twenty-
five branches in many of the principal
cities east of the Mississippi. It is estimated
that the society will make about 45,000 loans
this year averaging \$125 each.

The Beneficial Loan Society states that
those who first invested in its profit-sharing
bonds, eight years ago have received back
over seventy per cent. of this capital in the
way of dividends and profit-sharing and in
addition their securities are now worth more
than they originally were.

APPOINTED ASSISTANT SECRETARY OF EQUITABLE TRUST COMPANY

At a recent meeting of the board of di-
rectors, Richard E. Hanson was appointed
an assistant secretary of the Equitable
Trust company of New York.



ROBERT E. HANSON

Assistant secretary Equitable Trust Company of
New York

Mr. Hanson was born in Philadelphia,
September 31, 1886, in which city he re-
ceived his education at the Episcopal Acad-
emy. Upon graduating he entered the em-
ploy of A. Colburn & Company, importers
and manufacturers of spices and teas. After

a brief time spent in the Colburn factory he was made a salesman, being placed on the road at the age of eighteen. His first association with the world of finance came in 1912, when he was engaged as salesman with a Philadelphia bond house, continuing in that capacity until 1917, at which time he came to New York to join the forces of the Guaranty Trust Company. The experience which Mr. Hanson gained while selling gave him a foundation for salesmanship that has been of great value in his banking career. At the time Mr. Hanson joined the Guaranty, that company was expanding rapidly and establishing numerous branch offices throughout the country. Mr. Hanson was successful in superintending the opening of a number of these branch offices. He was eventually placed in charge of the Baltimore office, developing an excellent business for the company in that territory. In February, 1920, Mr. Hanson resigned to become a vice-president of the Fidelity Trust Company of Baltimore, in charge of the new business department. He resigned this position in March, 1921, coming to the Equitable Trust Company of New York as assistant to James I. Bush, vice-president in charge of the new business department.

COLUMBIA UNIVERSITY EXTENSION COURSE IN FOREIGN EXCHANGE

The pressing importance of foreign exchange in American business life, and the general vagueness regarding this subject, leads Columbia University to announce a new home-study course in foreign exchange for non-resident students, which will be of particular interest to officers and employees of banking institutions throughout the United States.

The purpose of this course is to make clear the basic principles of foreign exchange dealing and the practices of American and foreign institutions in financing the world's commerce. Among the subjects explained are the mechanism for making international settlement, the various instruments used in financing foreign trade, the meaning and relationships of foreign exchange rates, conversion of foreign currencies, the foreign exchange market, buying and selling commercial bills, transfers of funds, collecting and paying foreign accounts, and an analysis of the causes of exchange fluctuations.

The uses of the various instruments are illustrated and analyzed, the documentary trade bill, cable transfers, sight and time drafts, export and import letters of credit, acceptances, trust receipts. Foreign ex-

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$1,000,000**, Surplus and Undivided Profits of **\$2,375,000** and Total Resources of over **\$35,000,000**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1921

Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,
Djörup & McArdle**
42 Broadway, New York

change investment, the discount market, finance bills, speculation, futures, arbitrage, the gold situation, and present abnormal aspects of the world's exchanges are also given careful treatment.

A number of representative bankers and prominent business men of the United States, to whom the syllabus was submitted, have heartily commended both the plan and the clear presentation of this complex subject. The instruction is in charge of Charles E. Artman, A. M., formerly with the foreign department of the Guaranty Trust Company of New York and extension lecturer on finance in New York University. Besides practical experience in foreign banking, the author made a special study of foreign finance at the Sorbonne as an A. E. F. student in Paris after the armistice.

The instruction material is arranged in lesson units for effective study at home, with reading assignments, explanations, and questions to be answered, graded and returned to the student. Each student will receive individual attention, with personal letters on each lesson, covering points of special interest. The course may be begun at any

time of the year, and can be completed in six or seven months, progress depending upon the student's own promptness in completing the lesson assignments.

Students are already registered from several states, and a large enrollment is probable. Further information regarding foreign exchange or other home study courses in business subjects may be had upon request from University Extension, Columbia University, 301 University Hall, New York.

BANK MERGER TERMS APPROVED

The merger of the Metropolitan ^{National} ~~Trust~~ Company with the Chase National Bank, under the name and charter of the Chase National Bank, has been approved at special meetings of the shareholders of both institutions. More than eighty-five per cent. of the stock of both banks was represented, all of which approved the terms of the merger.

The last statement of the Chase National showed deposits amounting to \$290,959,006, while the Metropolitan's deposits were \$49,420,668, making combined deposits of \$340,379,674. This merger will make the Chase National Bank the second largest national bank in the country in point of deposits. The total assets of the Chase at the time of the last report were \$377,767,860. The assets of the Metropolitan were \$56,796,056, making an aggregate total of \$434,563,916.

The absorption of the Metropolitan, with its seven branches—six in Manhattan and one in Brooklyn—will give the Chase Bank new territory for development and expansion.

COLUMBIA BANK TAKES OVER FIFTH AVENUE PROPERTY

The Columbia Bank has taken a twenty-one-year lease on the first floor, basement and part of the sub-basement of the Postal Life building at the southeast corner of Forty-third street and Fifth avenue. The bank has purchased the fixtures and safe deposit vault equipment from the Guaranty Trust Company.

The Columbia Bank has been identified with this neighborhood for the last thirty-five years. For many years it was located at the southeast corner of Forty-second street and Fifth avenue. It then moved to its present location at 507 Fifth avenue, and is now remaining on the same block.

HARRIMAN NATIONAL BANK

Harry S. Black has been elected a director of the Harriman National Bank of New

York. Mr. Black is chairman of the board of the United States Realty and Improvement Company and a director of the Missouri, Kansas & Texas Railway, Bowman Hotel Corporation, and New York Hippodrome.

JAMES S. DAVIS

At a regular meeting of the board of directors of the First National Bank of Brooklyn, N. Y., James Sherlock Davis, was elected a director to fill the vacancy caused by the death of Charles W. Riecks.

Mr. Davis is president of the Cross, Austin & Ireland Lumber Company, vice-president and trustee of the East Brooklyn Savings Bank and former president of the Brooklyn Chamber of Commerce.

HANDLING THE BANK CHECK TYPOGRAPHICALLY

The following item from *Printing Art* should be of interest to bankers:

Special attention might be called to one feature which is shown in the issue of the *Linotype Bulletin* for March-April, 1921—the handling of a bank check typographically. This exhibit shows a neatly set bank check on which Bodoni has been used, and in the composition of these type lines there is little out of the usual. The interesting point in the exhibit is the effect of safety paper which is given by the use of an eighteen-point linotype ornament as a background decoration, which, printed in a light tint, gives the check the appearance of safety paper and doubtless serves to give the depositor a somewhat increased protection. Anyone who has not noticed this example of linotype work should look up this exhibit in the *Bulletin*.

MANUFACTURERS TRUST COMPANY

The statement of condition of the Manufacturers Trust Company of Brooklyn and New York at October 1, 1921 showed total resources of \$45,319,060.07, surplus and undivided profits, \$2,505,443.02 and deposits, \$40,113,300.

CORN EXCHANGE BANK TO BUILD UPTOWN

Permission has been granted to the Corn Exchange Bank of New York for the erection of a business building at 543 to 545 Cathedral Parkway, 100 feet east of the northeast corner of Broadway.

Plans for the building were filed with the building department last July. While the designs show a one-story building, it will



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

**Capital - \$3,000,000
Surplus and
Profits - 8,000,000**

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

FACE THE FACTS

**New business methods are required
to meet new business conditions**

Old methods invite failure

This merchant is trying to meet present-day conditions with an out-of-date store system.

- ① He can't get the records he needs.**
- ② He guesses about the amount of outstanding accounts.**
- ③ His customers get slow service.**
- ④ He gives no receipt to his customers.**
- ⑤ There is no incentive for his clerks to do better work.**
- ⑥ He hasn't been able to reduce expenses.**

**He complains about conditions.
He is discouraged. He fears
failure.**



WE MAKE CASH REGISTERS FOR EVERY LINE OF BUSINESS. NOW PRICED AS LOW AS \$75 PER UNIT.
NATIONAL
CASH REGISTER COMPANY - DAYTON - OHIO

FACE THE FACTS

New model National Cash Registers help merchants meet new conditions

New methods insure success

This merchant has installed a new model National Cash Register especially designed to help merchants meet new conditions.

- ① It gives facts necessary for managing his business.
- ② It provides an easy way to keep tax records.
- ③ It gives quick, accurate service to customers.
- ④ It prints a receipt for each customer.
- ⑤ It helps clerks sell more goods.
- ⑥ It reduces overhead.

He has made conditions in his store right.
He is meeting present-day conditions
successfully.

A National Cash Register is the only machine that issues a receipt, indicates, adds, prints, classifies, and distributes records *at the time of the sale*, all in one operation. No figure work. No delays. No mistakes. Just read the totals.



WE MAKE CASH REGISTERS FOR EVERY LINE OF BUSINESS. NOW PRICED AS LOW AS \$75.
NATIONAL
CASH REGISTER COMPANY - DAYTON - OHIO

All the Modern Languages

Conversationally taught by native instructors, thus assuring correct pronunciation and accent.

With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

Branches in over 300 leading cities in America, Europe and Africa. Pupils traveling may transfer the value of their lessons from one city to another without additional cost.

PRIVATE AND CLASS LESSONS—DAY OR EVENING

Terms Reasonable.

Catalogue on Application.

TRIAL LESSON FREE

GRAND PRIZES AT ALL EXPOSITIONS

The Berlitz School of Languages

30 West 34th Street, New York
218 Livingston Street, Brooklyn, N. Y.

be equivalent to two stories in height and will have all the appointments found in the big downtown banking homes.

The bank will take a long lease of the property and will open a branch there. Its University branch is now situated at Broadway and 113th street.

WALTER F. VOORHIES

Walter F. Voorhies, formerly manager for the National City Bank of New York, in Barcelona and Madrid and subsequently for the International Banking Corporation in those cities, has been appointed an assistant vice-president of the bank and will be in New York hereafter.

NATIONAL BANK STOCKS AS INVESTMENTS

Hornblower and Weeks, offices in New York and principal cities throughout the country, have issued a leaflet on "National Bank Stocks as Investments."

U. S. MORTGAGE AND TRUST COMPANY

The United States Mortgage and Trust Company has been appointed fiscal agent for

the payment of principal and interest of bond issues aggregating \$2,417,000, including Winston-Salem, N. C., \$1,370,000; Bergen County, N. J., \$669,000; Pensacola, Fla., \$125,000, and Greenwich, Conn., \$104,000.

FIFTH AVENUE BANK

At a meeting of the board of directors of the Fifth Avenue Bank of New York George Acheson, manager of the foreign department was appointed vice-president and manager of the foreign department and Alfred J. O'Keefe, Jr., assistant trust officer.

NEW CATALOGUE OF STEDMAN PRODUCTS COMPANY

A new catalogue has been issued by the Stedman Products Company, manufacturers of Stedman Naturized Flooring, New York office at 101 Park avenue. The Stedman Naturized Flooring is a product formulated from rubber, reinforced with cotton fiber under vulcanizing heat and great hydraulic pressure, resulting in a material so integrally tenacious as to withstand the shock of severest tractive abrasion. The catalogue gives full information about the product, showing buildings in which it has been used,

samples in colors, drawings and specifications for the laying of the flooring.

ALBERT G. STROMAN

Albert G. Stroman who has been connected with the branch department of the Marine Trust Company of Buffalo, has been formally appointed manager of branches. Henry F. Wirth, manager of Central Park branch has been appointed assistant manager of branches and will be located at the head office as an assistant to Mr. Stroman.

**TRADESMEN'S NATIONAL BANK
PAYS DIVIDENDS**

The board of directors of the Tradesmens National Bank of Philadelphia declared a regular quarterly dividend of \$2.50 per share and an extra dividend of \$1.00 per share, the regular dividend being at the rate of ten per cent. per annum, and the extra at four per cent. per annum, both were payable November 1.

**NEW OFFICERS OF SOUTHWARK
NATIONAL BANK**

The Southwark National Bank of Philadelphia, has elected Henry A. Jeffcott a vice-president, and Louis B. Hymes, of the Public National Bank of New York, an assistant cashier.

Mr. Jeffcott assumed his duties on November 1, and Mr. Hymes, who severed his connection with the Public National Bank, shortly afterward.

Martin I. Hoffman, formerly with the Pennsylvania Bank and Trust Company, has been appointed manager of the foreign exchange and steamship ticket department of the Southwark Title and Trust Company.

"OUR GOVERNMENT" BOOKLETS

The Collins Service, Philadelphia, Pa., has issued a pamphlet giving some interesting sidelight on "Our Government." These booklets were prepared by this concern and distributed by banks to their customers throughout the country.

That these booklets were an effective means of making the public better acquainted with the organization of the government is evidenced by the following letter from General Pershing:

"After a careful reading of the series of booklets on "Our Government," I have arrived at the conclusion that they serve a very useful purpose indeed and that every citizen of the United States would be benefited by reading them. The lack of knowl-



**EFFECTIVE
ADVERTISING
COPY FOR EVERY
BANK AND TRUST
COMPANY SERVICE**

SARA E. SHAVER

*Financial Advertising
Counsel*

**SURREY BUILDING
ELMWOOD AVENUE AT ALLEN
BUFFALO**

edge regarding the organization of the government and its manner of functioning is appalling, and anything which tends to lessen this evil is for the national good.

"You are to be congratulated on the comprehensive form in which these booklets on "Our Government" have been prepared and it gives me pleasure to add my personal endorsement to such a deserving effort to educate our people in our form of government."

**NEW BUILDING FOR BRANCH OF
BUFFALO BANK**

On September 17, the new building of the West Side branch of the Citizens Trust Company of Buffalo, N. Y., was formally opened. Located at the corner of Grand and Ferry streets, the bank occupies one of the busiest corners in the city, and, judging by the 2,500 people who visited the branch on the opening day, the new location is already well known by the residents and business men of the West Side.

The new building is a beautiful structure, with entrances on both Grant and Ferry streets. It is equipped with complete modern banking facilities and is a live, up-to-date bank in every sense of the word. Besides the ordinary functions performed by the bank, this new branch is equipped with a huge safe deposit vault, safety deposit boxes and individual coupon booths for the convenience of its patrons.

For Boston Notes and Drafts

**WEBSTER
AND
ATLAS
NATIONAL BANK
OF BOSTON**

We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, **PLEASING TO YOUR DEPOSITORS.**

Credit Service

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

A Strong Bank of Dependable Service

Established 1833

Capital, Surplus and Profits	.	.	\$2,700,000
Average Deposits, about	.	.	12,000,000

Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

NEW FINANCIAL ADVERTISING AGENCY IN BUFFALO

After conducting a very active publicity service for more than six years with the Buffalo Trust Company of Buffalo, N. Y.,



SARA E. SHAVER

Who has recently opened a new financial advertising agency in Buffalo, N. Y.

Miss Sara E. Shaver has resigned as head of that department to take up an independent business in financial advertising.

Miss Shaver is splendidly equipped to handle the service she is offering to the banking world, having functioned in every phase of the banking business which comes in contact with the public. Her efforts have been directed toward humanizing banking to bring the public and the bank in close relationship with each other and to put the the workings of a financial institution in a simple, understandable way before those who have had little opportunity to obtain it otherwise.

In originating and putting into active operation business development plans, Miss Shaver stands at par with the foremost financial advertisers.

As president of the Buffalo League of Advertising Women and chairman of its educational committee, Miss Shaver has supervised special courses in advertising study and the creation of a practical, workable plan for advertising the city of Buffalo, the latter having evoked the praise of advertising authorities in all parts of the country. The best wishes for a successful career in this new field are extended to her from many friends in the Financial Advertising Association and others throughout the country.

New England States

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island**

The First National Bank of Boston

Transacts commercial
banking business
of every nature

Make it your New England correspondent

**Capital, Surplus and Profits
\$37,500,000**

Park Trust Company

Park Building, 511 Main Street
 WORCESTER, MASS.
 Capital \$200,000
 Surplus and Earnings..... 102,530
 F. A. Drury, President.
 T. J. Barrett, Vice-President.
 H. M. Abbott, Treasurer.
 Frederick J. Bye, Assistant Treasurer.
 Send us your Massachusetts collections.

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

A GREATER courage and a greatly improved "mental attitude" mark the steady, slow progress toward normal business in New England. General business is unquestionably improving, and when we compare conditions of the present with those of a year ago, we find a degree of progress that is all the more amazing for having been so slow as to cause little comment from week to week.

One of the most encouraging factors has been the equalization of prices that has been going on steadily for some months. It is not so much that prices have declined as it is that prices are once again assuming normal relations to each other, thus simplifying by just that much the great business problem.

Labor conditions, as a whole, have improved materially during the past month. This is particularly true in the big textile mills and in building and construction work. The shoe industry is not as fortunate, and threatened labor troubles in some of the big shoe manufacturing centers are very demoralizing and are giving fresh impetus to the fear that many more units in the shoe industry will seek other fields unless the labor problem becomes less acute.

The textile mills are working at eighty-five to ninety per cent. of capacity and with a constantly improving outlook. Hides and leather have shown a tendency to stiffen in price, particularly for the better grades and users of leather, apparently resenting this, have cut down their orders.

The retail stores report a good volume of business, in fact the volume of sales is running ahead of last year although, on account of lower prices the trade, as measured by dollars and cents, is not quite up to that of last year. Collections are rather slow, particularly among customers who have always enjoyed favorable ratings. It is only fair to say however that the losses through actual "bad" accounts are little if any above normal.

The building industry has taken on new life in spite of the lateness of the season, in fact the demand for building materials has increased to such an extent that lumber, brick and cement prices abruptly halted their downward march and have in many instances recorded sharp rises. The architects' offices report many new projects on the boards and the revival of many projects abandoned a year or more ago on account of high prices. It looks as though New England were in for a building boom in the spring. Real estate is active, with prices lower than a year ago when the inflation of values was at its height. The improvement in money conditions has helped both the real estate and building trades, and although there is some complaint of failure to secure mortgage funds, our investigations lead us to believe that there is plenty of money available for the man who wants to build or buy for his own occupancy rather than for speculation.

Business failures are abnormally numerous here, as in other sections of the country, but for the most part the failures are those of concerns with liabilities under \$5,000, and there is no indication of any new strain.

Money is plentiful at from five to six per cent.



NEW IDEA IN BANKING SERVICE

The National Shawmut Bank of Boston has demonstrated its identity with a great industry and has struck a new note in the extension of banking service by maintaining a booth at the International Textile Exposition, held at Boston from October 31 to November 5, thus placing its facilities and services directly at the disposal of exhibitors and visitors.

That a New England bank should offer this practical cooperation to representatives of the textile industry is quite natural. It follows as a matter of course that the bank which has for eighty-five years been intimately identified with every phase of the textile industry, from the growing of cotton and wool and the importation of silk to the manufacture and distribution of textile products, should be the one to put into effect this idea in banking service.

The National Shawmut booth occupied a prominent position upon the main floor of the exhibition building. Featured among the attractive decorations, was a bronze bust of "Obbatinewat" the Shawmut Indian whose portrait has become identified throughout the country as the trade mark of one of New England's leading financial

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

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The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

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REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

institutions. Paintings representing different aspects of the textile industry, which have been used as illustrations for the bank's advertising, were also on display.

The bank has prepared a number of booklets of particular interest at this time in view of the general discussion of trade conditions and ways and means of bringing about improvement. Among these booklets one observes such titles as "Acceptances," "Foreign Exchange," "The Edge Law," "The Webb Law," "The Far East," Shawmut Service," and digests of taxation laws. Specimens of these booklets were displayed and many visitors to the booth took advantage of the opportunity to have copies mailed to them. The booklet dealing with "Foreign Exchange" was of particular interest. It is worth mention that this booklet has been adopted as a text book in a number of schools.

Trade directories and other sources of information were on file and nothing was overlooked in the desire of the bank to render practical service. Officers and other representatives of the bank were in constant attendance. As these men were selected because of their intimacy with the textile trade, their assistance and suggestion was of particular value to visitors at the booth. Direct telephone connection was maintained with the various bank departments to insure promptness in caring for the needs of visitors.

STATE OF NEW HAMPSHIRE FIGURES

The comptroller of the currency issued the following statement showing the returns with respect to the principal items of resources and liabilities, of all reporting national banks in the state of New Hampshire, as shown by reports of condition to his office, as of September 6, 1921, with similar information relative to banks other than na-

tional in the same state, furnished by the banking department, as of June 30, 1921, the nearest date to the comptroller's call on national banks.

FIFTY-SIX NATIONAL BANKS (Amounts in Thousands of Dollars)

RESOURCES

Loans and discounts.....	\$31,421
Investments.....	19,930
Cash in bank.....	1,919
Lawful reserve with Federal Reserve Bank.....	2,981
Due from banks.....	4,821
Total resources.....	63,541

LIABILITIES

Capital stock.....	\$3,335
Surplus and undivided profits.....	6,367
Individual deposits (time and demand).....	40,686
All other deposits.....	3,712
Bills payable.....	2,141
Rediscouts.....	642

70 STATE BANKS (1)

RESOURCES

Loans and discounts.....	\$71,259
Investments.....	86,971
Cash in bank.....	701
Lawful reserve with Federal Reserve Bank or other reserve agents.....(3)	3,362
Due from banks.....	163,772
Total resources.....	

Capital stock.....	\$2,097
Surplus and undivided profits.....	5,155
Individual deposits (time and demand).....(2)	149,340
All other deposits.....(3)	
Bills payable.....(3)	
Rediscouts.....(3)	

- (1) Includes eleven stock savings banks, forty-five mutual savings banks and fourteen trust companies.
(2) Includes all deposits
(3) None reported.

GUARANTY TRUST COMPANY OF CAMBRIDGE

The statement of condition of the Guaranty Trust Company of Cambridge, Mass., showed total resources of \$2,403,728.78 at September 6, 1921. Surplus and undivided profits were \$157,686.65 and deposits, \$1,911,042.08.



Albany Park National Bank, Chicago

Clarence Hatzfeld, Architect

What Building Material Will You Use In Your New Bank Building?

When you are planning your new bank building, your first thought should be to select a material that will insure beauty, stability and immunity from fire.

Indiana Limestone embodies all of these essentials, and it is just as economical to build with this natural stone as with an imitation product.

At your request we shall be pleased to send, without obligation to you, our interesting booklet illustrating Indiana Limestone bank buildings.

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Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina,
Georgia, Florida, Alabama, Mississippi, Louisiana, Texas,
Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

WHILE the protracted summer has slowed up business somewhat in the South during September, it is evident to anyone who takes the trouble to study the question that the trend is distinctly favorable. This is shown by the general strengthening of prices, the increased movement of merchandise, and by the reports of banks.

During July, the latest figures available, the price of the principal farm crops increased an average of 2.5 per cent. The average during the ten preceding years for that month was 0.2 per cent. The prices of meat animals increased 4.6 per cent. The ten-year average was 0.9 per cent. On August 1, the index figure of prices for farm crops was 59.4 per cent. lower than a year ago, 59.3 per cent. lower than two years ago and 36.1 per cent. lower than the ten-year average for that date. The price of meat animals was 38.3 per cent. lower than a year ago, 51 per cent. lower than two years ago, and 19.1 per cent. lower than the ten-year average.

Cotton, rice and other crops have made further advances since then. There is an encouraging tone to the lumber market. Production has increased and sales have greatly increased. Southern pine prices are \$2 or so higher per 1,000 feet. The growing scarcity of the better grades has caused buyers to extend their orders for future needs.

Figures compiled by the Federal Reserve Bank for the Sixth District show a broad increase in business between July and August. Wholesale groceries, for instance, are 10.2 per cent. better; wholesale drygoods, forty-five per cent. better; wholesale hardware, 17.9 per cent. better; wholesale shoes, 51.3 per cent. better; wholesale furniture, 47.9 per cent. better.

"It is doubtful," the report adds, "if any of this improvement can properly be attributed to seasonal fluctuations in trade; all of the reports received reflect general improvement in the condition of business, and show that the retailers are more willing

to buy than at any time in the past year."

Despite the advance in the prices of dry-goods, due to the increased price of cotton, the figures show that a larger volume of merchandise is being sold than during the same period last year. In many quarters, it was feared that the price-advance would bring on something like the late, lamented buyers' strike. But this fear is generally recognized as being chimerical, for the people have been pretty thoroughly educated to the fact that retailers are operating on a very close margin of profit. The merchants, judging from representative expressions, are not going to do anything to upset that belief. They are holding prices down as far as they can, and are not marking up stocks purchased low, in accordance with the advanced quotations. If there is



The Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits.....	1,000,000
Resources.....	13,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

one thing they are afraid of, it is higher prices.

Throughout the South, there has been considerable resumption of activity by the cotton seed oil mills. This, however, is a seasonal industry, and full time operations can not be expected to resume until the cotton is all picked and ginned.

Manufacturers of cotton hosiery report signs of a revival in that business, and an increase in selling prices. Stocks on hand have been reduced.

The manufacture of brick and clay products has increased.

Other lines of manufacture report a general improvement.

Sales by representative department stores throughout the district show that August's business was 23.2 per cent. lower than that of the same month last year. Stocks of goods were generally lower than last year's. These figures are in values; as the prices are thirty-five to forty per cent. lower than last year, it is obvious that the volume has increased.

There is a wide diversity in the retail business of the different sections of the district, as shown by the reports of stores in representative centers.

New Orleans made the most favorable showing, with department store business only 10.9 per cent. less than for August a year ago. Atlanta made the most unfavorable showing. Its decrease was 35.1 per cent. Then came Birmingham, 32.9 per cent. less; and Nashville, 15.7 per cent.

Stocks tell the same story. New Orleans had 17.4 per cent. less stock than last year; Atlanta 23.3 per cent. less; Nashville 22.8 per cent. less; Birmingham 20.3 per cent. less. New Orleans' stocks were 3.2 per cent. higher in August than July; Nashville's, 10.1 per cent. higher; Atlanta's, 8.3 per cent.

higher; Birmingham's, 0.02 per cent. higher.

Banks throughout the South report an increasing optimism. The indebtedness to them is being rapidly liquidated. More encouraging is the determined stand the banks are taking for diversification. Heretofore, they have urged diversification in an aloof sort of manner. But the experience of the last year has shown them what they stand to lose if all the eggs are put in the one-crop basket. A number of country banks are advising their clients that their accommodation will depend on the diversification they practise.

Bank clearings for August, 1921, compared with August, 1920, show a decrease of fourteen to thirty per cent. in Alabama, a forty-one per cent decrease to a .5 per cent. increase in Florida; a thirty-three to fifty-two per cent. decrease in Georgia; a thirty-seven per cent. decrease in Louisiana; a .7 to twenty-four per cent decrease in Mississippi; a nineteen to thirty-six per cent decrease in Tennessee.

Before many weeks have passed, this section will be using its share of the \$1,000,000,000 fund of the War Finance Corporation, which is being distributed to agricultural sections under the terms of the Agricultural Credit Act.

It is generally recognized that the worst is over and that recovery, while it will not be a run-away affair, will be steady and sure. On the whole, business has benefitted from its chastening. Merchants, bankers and farmers say they won't forget the lessons they have learned.



JAMES I. MILLER IS BANK DIRECTOR

James I. Miller, prominent Richmond tobacconist, has been made a director of the National State and City Bank, of Richmond, Va., at an adjourned stockholders' meeting of that institution.

Mr. Miller is president of the J. P. Taylor Company, Inc., of this city, leaf tobacco dealers, and is also a vice-president of the Universal Leaf Tobacco Company. He is regarded as one of the foremost tobacconists in the country, and for the last thirty years has been closely associated with Jacquelin P. Taylor. He has made his residence in Richmond for the past three years, and prior to that time his home was in Henderson, N. C.

Since the first of January the National State and City Bank has, in addition to Mr. Miller, augmented its board by the election as directors of Homer L. Ferguson, presi-

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.
JOSEPH W. LEFFLER, Cashier

CLINTON G. MORGAN, Vice-Pres.
WILLIAM E. WEBB, Asst. Cash.

dent of the Newport News Shipbuilding and Dry Dock Company; ex-Governor Henry Carter Stuart, Spencer L. Carter, vice-president of the Virginia-Carolina Chemical Company. The late John Pickrell was also one of the directors elected since the first of the year. He had been counsel for the bank for many years.

APPOINTED MANAGER NEW BUSINESS DEPARTMENT

William Edward Brown who, for the past two years has been manager of the new business department of the Hibernia Bank and Trust Company of New Orleans, has been appointed manager of that bank's publicity department succeeding W. S. Pleasants who recently resigned to take a position with the *New Orleans Item*.

Mr. Brown is a native Orleanian and a graduate of Rugby Academy. In 1914 he entered the College of Engineering at Tulane University, but in June, 1916 entered the United States army from which he was discharged in February, 1919 with the rank of first lieutenant.

He was assistant plant engineer of the Mobile Ship Building Company for a time, and in October, 1919 became associated with

the Hibernia Bank and Trust Company in its new business department, of which he was made manager in May, 1920.

Mr. Brown has written various business and technical articles for financial and other magazines, and this experience together with a very well-developed knowledge of advertising technique gives him a substantial equipment for his new work.

CHANGE NAME OF AMERICAN BANK

Reorganization of the American Bank of Greenville, S. C., which includes the changing the name to the American Bank and Trust Company, increasing capital stock from \$150,000 to \$225,000, and election of additional officers and directors, at a stockholders' meeting held on October 4, has been announced by officials of the bank. Officers and directors of the reorganized institution are as follows: B. E. Geer, president; Chas. M. McGee, active vice-president; L. H. Stringer, vice-president; Rudolf Anderson, cashier; V. D. Rameur, assistant cashier; and A. F. McKissick, August W. Smith, Eugene F. Bates, W. E. Mason, Henry T. Mills, B. B. Gossett, J. E. Sirrine, Allen J. Graham, J. F. Galli-

A necessity to insurance companies, bond houses, banks, municipal authorities, corporations and civil engineers.

Has been highly endorsed by universities, members of the actuarial profession and leading bankers.

FINANCIAL ENCYCLOPEDIA

By **PIERRE ZALDARI**

Author of Annuities and Amortization Tables,
Trade Acceptance Discount Tables, etc.
Special Lecturer at the College of the City of New York

The solution of all financial problems, involving compound interest and discount, annuities and present worth of an annuity, amortization and sinking fund investments and the like may only be obtained by two processes. The first requires as a basis a command of the theory and use of logarithms. The other process is furnished by the very practical and simple method given by this book.

500 PAGES OF TABLES

Every rate from $1/8\%$ up by $1/10$, $1/6$ and $1/8\%$ for direct solutions, and 1043 intermediary rates from $1/100\%$ to 11% for solutions by interpolation. 240 periods for direct solutions and any number of periods by interpolation. All calculations may be made for annual, semi-annual, quarterly, monthly and weekly periods if desired.

Compound Interest, Power of 1.0001, Present value of 1, Annuity of one per period (end), Annuity of 1 per period (beginning), periodical payment that 1 will purchase, Present value of 1 per period, Periods of time required to accumulate a sinking fund, etc., etc.

Contains a complete description of every known method of financing.

Contains the only complete tables for sinking funds, annuities and amortization.

Solves all problems on compound interest and discount which are the basis of all financial transactions.

Explains a practical method of comparison of different classes of bonds to find the most advantageous investment, with the effective rate of interest as basis.

Solves all financial problems for any

rate of interest and for any number of periods of time, annually, semi-annually, quarterly, monthly and weekly, if desired.

It shows the method of obtaining the exact yield on bonds for any rate of interest and for any periods of time, not only for bonds redeemable at par as the yield books show, but also for bonds redeemable at a premium or with prizes and also bonds redeemable by drawings.

Shows the method of constructing the charts for loans arithmetical as well as geometrical.

BANKERS PUBLISHING COMPANY

253 Broadway, New York

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about
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*Limited edition—
1000 copies numbered.
Price \$50.00*

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V-Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

van, H. J. Haynsworth, Edwin Howard, S. L. McBee, C. C. Good, L. H. Stringer, W. L. Gassaway, B. E. Geer, Davis Furman, B. F. Martin, C. B. Martin and C. M. McGee, are directors.

With the addition of the trust department, the bank is now authorized to buy and sell all classes of securities, to act as executor, administrator, receiver, assignee, guardian or trustee.

The American Securities Company has been organized as a subsidiary of the American Bank and Trust Company, with B. E. Geer as president, L. H. Stringer, vice-president, Rudolf Anderson as secretary and Chas. M. McGee as treasurer.

Nearly a thousand new accounts have been opened by the American Bank within the past six months, and officials of the institution, are very much pleased with the interest and confidence shown in the institution by the citizens of Greenville and elsewhere.

Lively interest in the phenomenal success of the American Building and Loan Association has been shown throughout this section, according to reports. It is said that 9,000 shares of Building and Loan stock, representing \$900,000 have been sub-

scribed in the four months since the organization of this association.

One of the innovations in the American Bank and Trust Company is the complete and private department for women, where the banking needs of the lady customers are handled by a courteous and efficient corps of experts in this important phase of banking. The women's department of the bank is comfortably fitted out with rest room, telephone service, writing tables and stationery and all requisites for their comfort and convenience.

RICHMOND BANK OPENS NEW BRANCH

The American Trust Company of Richmond, Va., affiliated with the American National Bank, is building an attractive uptown branch in a thickly settled residential section of the city. This branch will serve in the capacity of "a neighborhood bank" to an encouraging number of the city's west end residents.

Oliver J. Sands, president of the American National Bank is also president of the American Trust Company. Other officers are George C. Gregory, active vice-president; H. W. Rountree, vice-president; Wm.

C. Camp, vice-president; Walter Holladay, vice-president; Daniel Grinnan, trust officer; G. A. Peple, treasurer and Otis P. Walker, secretary.

REPRESENTATIVE IN BALTIMORE FOR EQUITABLE TRUST COMPANY

The Equitable Trust Company of New York has announced the appointment of R. C. Hoffman, Jr. as its correspondent in Baltimore, Md.

Mr. Hoffman is a native of Baltimore. He



R. C. HOFFMAN, Jr.

Recently appointed correspondent in Baltimore, Md., for the Equitable Trust Company of New York

is a graduate of the Johns Hopkins University and prior to his entrance into the banking field he secured a splendid business training in the iron and steel business.

For a number of years, Mr. Hoffman served as vice-president of the R. C. Hoffman Company, Inc. of Baltimore, dealers and exporters in iron and steel, later becoming president of the Maryland Bolt and Forge Company. He is a trustee of the New York Rubber Company, chairman of the board of the Baltimore Gas Appliance Manufacturing Company and a director in several financial institutions.

Mr. Hoffman, as correspondent of the Equitable Trust Company of New York, will be located at 511-12 Keyser building, Calvert and Redwood streets in the heart of the financial section of the city.

He plans to do a general security business with bankers and investment dealers, to transact a foreign exchange and letter of credit business and perform other banking services made possible through the facilities and resources of the Equitable Trust Company of New York.

Baltimore has always been regarded as an excellent bond city and has a number of well established bond houses. Mr. Hoffman will confine his business to wholesaling securities to the bond dealers, trust companies and other financial institutions in his territory.

In the foreign exchange field the port of Baltimore is particularly well situated. The port has grown to be one of the leaders on the Atlantic coast ranking probably fourth at the present time. The state legislature has approved a loan of \$50,000,000 for port improvements and the plans which are now in the hands of a competent commission, it is hoped will make Baltimore rank second only to New York in importance as an Atlantic coast port.

PROGRESSIVE CIVIC ACTION OF LOUISVILLE BANK

The board of councilmen and aldermen of Louisville, Ky., recently endorsed a \$1,000,000 bond issue for the public schools, and took the necessary action so that this bond issue could be voted on at the November election.

The Liberty Insurance Bank, of Louisville, one of Louisville's largest and progressive banks, in a letter to the mayor of the city endorsed the project and offered, in case of the approval by the voters of the issue, to take \$50,000 worth of these bonds. This issue, if approved, would carry an interest rate of five per cent. The wide publicity given this endorsement by the local papers, as well as by various civic organizations, more than compensated the bank for the probable loss of interest.

Every local paper carried the offer of the bank as a first page feature, and one of the largest and most powerful papers, wrote a highly commendatory editorial, naming the Liberty Insurance Bank as progressive, and a bank that was ready and willing to do much toward the improvement of the city's schools.

Editorial space in this paper cannot be bought at any price, and this comment was widely noted. In fact, it was recognized to such an extent that the patrons of the bank in large numbers offered personal felicitations to the officers. One of the larger patrons even went to the extent of asking the vice-president of the bank to in-

crease the offer to \$70,000, the additional \$20,000 of which he desired to take.

The far-reaching results of the action of the Liberty Bank should have a wide influence on other banks in different communities. Even though the interest in civic affairs may not be as great in other banks as it is in this institution, the results mentioned should be sufficient to point the way to a new field for banks. Advertising directly to the public may bring splendid results, but the best of these results will hardly bear comparison with the open, spontaneous endorsement that the Louisville papers carried in their regular news reports and editorial comment.

The action of the Liberty Bank was in direct line with the great interest it shows at all times in matters of civic improvement, but the results, gratuitous and spontaneous, certainly must have been most gratifying.

ALEXANDER ST. CLAIR

The Bluefield National Bank, Bluefield, W. Va., has announced the death of Alexander St. Clair, a member of the board of directors since its organization, at his home in Tazewell, Va., on October 21.

CONDITION OF INCORPORATED STATE BANKS IN VIRGINIA SEPTEMBER 6, 1921

RESOURCES

Loans and discounts.....	\$143,136,471.12
Overdrafts	183,519.10
Stocks, bonds and securities.....	21,594,393.01
Banking houses and lots.....	4,428,264.44
Other real estate.....	1,201,430.32
Furniture and fixtures.....	1,141,908.39
Checks and other cash items.....	1,256,415.35
Due from national and state banks.....	12,080,828.07
Actual cash on hand.....	4,029,188.65
Unpaid subscriptions to capital stock	79,850.47
Bonds guaranteed	575,279.89
All other items of resource.....	851,892.46
Total resources	\$190,559,441.27

LIABILITIES

Capital stock paid in.....	\$23,896,803.55
Surplus fund	13,422,769.78
Undivided profits (net).....	3,844,396.89
Dividends unpaid	18,641.24
Deposits subject to check.....	57,826,667.68
Savings deposits	43,080,877.30
Demand certificates of deposit.....	1,767,617.47
Time certificates of deposit.....	25,471,348.37
Certified checks	386,019.16
Cashier's checks outstanding.....	371,173.28
Total of all deposits.....	128,949,603.26
Due to banks	1,782,360.33
Notes rediscounted	5,571,689.71
Bills payable	9,570,469.83
Reserve for:	
Interest on deposits.....	717,899.14
Taxes	30,133.64
Stock subscribed not paid for.....	79,850.47
Bonds guaranteed	575,279.89
Payments by subscribers on Liberty bonds	70,216.89
All other items of liability.....	1,757,336.65
Total liabilities	\$190,559,441.27

Total number of banks reporting 338.

Of the banks reporting only twenty-six, or about seven and one-half per cent., were short of legal reserve nine of the twenty-six were short less than \$1,000.

Super-Safety



LOOK FOR
"THE MARK OF SAFETY"
Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use.

SUPER-SAFETY Insured BANK-CHECKS

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The Bankers Supply Co.

**For the greater protection
of you and your depositors
without increased cost.**

In hundreds of towns and cities these INSURED checks are now already being used by banks as a powerful influence to attract new business.

A Master Bond, beautifully designed and framed to hang in the lobby, protects each bank. Individual Bonds guard your depositors, providing most perfect identification also. They give banks a fine "point of contact" in their constant visible evidence of security against check raisers. Is your bank helping to prevent a loss estimated at \$30,000,000.00 for a single year?

Write us or see our representative

The Bankers Supply Company

The Largest Manufacturers of Bank Checks
in the World

New York Chicago Denver
Atlanta Des Moines San Francisco

1865



1921

ESTABLISHED OVER HALF CENTURY

Furs of Finest Quality

IN THE

Latest Fashions

Embracing the very latest foreign models, together with many beautiful and original styles by our own designers, may now be seen in our show-rooms.

ALL THE

Richest and Choicest Furs

Every article of our manufacture satisfies the eye with the quality of style, an element of the utmost importance to those who desire an air of distinction in their attire.

Our stock includes every desirable fur, not only the costliest, but those of moderate price, equally stylish and fashionable.

**MEN'S FUR AND FUR LINED COATS
CLOTH COATS WITH FUR COLLARS**

C. C. SHAYNE & CO.

Manufacturers of

STRICTLY RELIABLE FURS

126 West 42nd Street

New York

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

FURTHER easing of financial conditions in the seventh reserve district at the season when usually the demand for money is greatest has been a rather unexpected development of the month. Liquidation in the commercial centers and the lower prices of farm products, requiring less money to handle them, have both contributed to this relaxation of credit conditions. The gain has not been great, as judged by the rediscount totals of the Federal Reserve Bank, and the most noticeable evidence of the improvement is to be found in public sentiment, which is more cheerful and confident than it was a few weeks ago. Few traces of industrial revival are to be seen yet, and unemployment has not been lessened materially, but the impression is gaining ground that the corner has been turned, and this in itself is stimulating.

The Federal Reserve Bank of Chicago maintains its rediscount rate at six per cent., the board of directors so far being disinclined to follow the action of the eastern reserve banks in reducing their rate from five and one-half to five per cent. Minneapolis, however, has come down from six and one-half to six per cent., this bank being the slowest to move in the downward revision because of the heavy demand for funds in the northwest from livestock and grain interests. There is the same division of opinion on the Chicago board that has been noted elsewhere—the representatives of the large borrowing class being favorably inclined toward yielding to the pressure from the east, while the banking members are as insistent as ever that liquidation should proceed further and the banks be relieved of a larger part of their “frozen” credits before rates are brought down to such a level as to encourage renewed borrowing.

Commercial paper rates have been shaded another fraction, the range now being from five and three-quarter to six and one-quarter per cent., with the bulk of the business at six per cent. or under. The range of bank



Mississippi Valley Trust Company Service includes

Banking for Banks
Commercial Banking
Foreign Banking
Savings Banking
Executorship
Trusteeship
General Fiduciary Service
Investment Purchases
Investment Distribution
Real Estate Agency
Real Estate Finance
Safe Deposit Protection

*Inquiries from Trust Companies,
Banks and Bankers solicited*

Mississippi Valley Trust Co.
St. Louis

loans is wider—six to seven per cent., while stock brokers' collateral loans are six and one-half to seven per cent. The lowering of the commercial paper rate is probably due more to easier conditions elsewhere than to improvement in the local demand for paper, as the banks are taking only moderate quantities, and the bulk of the buying is still from the interior institutions, in spite of the fact that their home demands are heavy.

A fact which has helped to restrict the outlet for commercial paper is that some of the smaller banks are now placing part of their surplus funds in bonds and notes yielding six and one-half to seven per cent. and having ready marketability. The chance of

PEABODY COAL MINE FINANCING



Based upon our experience in marketing \$30,000,000 of coal securities in the past ten years we offer mine owners, banks, trust companies and others our services—

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With the experienced counsel of our operating and sales departments, we determine or develop merchantable possibilities, advise as to financing methods or finance for our own account or others.

Our complete plan of financing, operating and selling is described in illustrated booklet, mailed on request.

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Founded 1883

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Operating 36 bituminous mines in 11 fields with annual capacity of 18,000,000 tons

obtaining this return over a period of several years now makes a strong appeal to banks which carried nearly all their secondary reserves in commercial paper a short time ago, when the rates were seven to eight per cent. This appeal has been strengthened by the recent decline in interest rates, the prospect that this decline may continue for some time, and the advancing market for bonds. There are stores of banks outside of the loop district of Chicago, which carry more than fifty-one per

cent. of the city's total of \$500,000,000 in savings and many of which have proportionately few large commercial accounts. It is in this class of institutions that the shifting of investments have been most noticeable.

Wholesalers report a distribution of merchandise that compares favorably with the corresponding time last year. Orders from road forces are running ahead about seventy per cent. in numbers and thirty per cent. in volume. While this indicates that buying is still in small quantities and confined largely to immediate needs, more confidence is being shown in commitments for distant delivery. This buying has been stimulated by a turn in the course of prices recently, particularly for well known brands of staple cottons, and for other textiles. The silk business of August was the largest ever recorded in this section, and this line continues to hold up well. Woolen fabrics and dress-making accessories are in good demand, as are knitwear and shoes. Household furnishings are in better demand than at any other time since the spring moving season, but the distribution is still considerably below normal.

Retail trade, which was retarded through most of September by a continuance of warm weather, has taken on new life with the coming of October frosts. It is better in the country districts than in the cities. Marketing of farm products is still on a large scale and this has increased the amount of available money. Much of it has been absorbed by liquidation of old obligations, but the volume of buying indicates the filling of needs long held in restraint and fairly generous provision for the winter's requirements. Corroboratory evidence is found in sales figures of the large mail order houses for September, which while less than those for the corresponding month last year, showed the smallest decrease of all the months of 1921 and, what is more significant, showed an increase over August, which was not the case in 1920. Men's and boys' clothing, women's suits, knit outer garments and millinery all make a fair showing in the reports of city merchants, but recent price advances in some lines, notably blankets, cotton bedding and similar articles have not been favorably received, but have brought out manifestations of a sentiment much akin to that which inspired the so-called "buyers' strike" of a year ago. Increased caution on the part of buyers is noticeable here, as it is also in groceries, where likewise the tendency of prices of many staples has been upward.

There has been a slight increase in the

operations of steel mills of the district, which now are around forty per cent. of capacity. Recent advances in sheets and wire products served to bring in considerable new tonnage, and the demand for bars is good, while there is a little more activity in structural materials. The railroads are buying more, principally track and car repair essentials, but the increase in their orders is not great. Pig iron is firm around \$22 and there has been some increase in production as well as inquiry, orders now running into the first quarter of 1922. Implement manufacturers are carrying over a large quantity of their products and are framing their manufacturing program accordingly. Several new announcements of price reductions have appeared during the month. A good business is expected next year, as farmers' equipment must have undergone considerable depletion this year and replacement cannot be postponed indefinitely.

Building materials, especially lumber, are moving more freely, but construction work shows no great increase. The labor controversy in Chicago drags wearily, each week of delay in settlement increasing the disposition of employers to undertake an "open shop" drive. This finds support in public sentiment because of a new complication which has arisen in the probability that the reduction of wages effected by the recent arbitration may not reduce building costs but may result simply in less work being done for a day's pay. Dwelling construction shows a healthy gain, swelling the numbers of permits issued, but virtually all the large projects are still held up.

Investment demand is unusually good, considering general financial conditions. Bond prices, under the leadership of a remarkably rise in the Liberty issues, have had a substantial advance, and just before the recent flood of equipment trust certificates and farm loan bonds the shelves of dealers were almost bare. Since then there has been some evidence of a glut, especially in the equipment trusts, which evidently came too fast and at prices too near the top of the market. Industrial corporation issues are not excessive, and those that are attractive as to security and yield meet with a satisfactory response. Savings deposits continue to decline, and this is expected to go on until there is a material lessening of the numbers of unemployed.



THE BUSINESS OUTLOOK

Weary and Alford Company of Chicago when recently asked to express an opinion



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**

*Proved in
Performance*

WALLIS TRACTOR

Dealers are invited to
write for proposition.

J. I. CASE PLOW WORKS CO.

Dept. A868 Racine, Wisconsin

*NOTICE: We want the public to know that the
WALLIS TRACTOR
is made by the J. I. CASE PLOW WORKS
COMPANY of Racine, Wisconsin, and is NOT
the product of any other company with "J. I.
CASE" as part of its corporate name.*

on the general business situation are quoted
as saying:

There is a crying demand for building construction, not only of buildings but of public improvements, highways, etc. and we have information from at least 300 banks who very much desire to build. We have in hand at the present time some forty-two operations, about half of which have postponed building awaiting the readjustment of costs. The labor barrier at present especially in Chicago, Pittsburgh, and other large industrial centers, with its high wage scale is another important factor.

At present there is a convention sitting in Washington making a strenuous effort to provide employment for hungry people and at the same time in Chicago building construction is almost totally stopped because men will not work for \$1 an hour, demanding \$1.25. It seems to us the only solution is to shut down building operations altogether and let these chaps exhaust their treasures and then go hungry during the winter.

Prices in manufacturing and jobbing circles are gradually getting back to normal but the real profiteer nowadays is the retailer. We read much in the papers about the wholesale prices of meat, foodstuffs of all kinds and other commodities, but retailers as a class are exacting the same old war time prices and that is the one argument used by the trade unions in not reducing their wage scale. No one can predict what will happen but we are sure that a general tie-up of business will make these people come to a realization of what they are doing in the country and that will we think be the shortest way out.

CHICAGO TRUST INCREASES ITS CAPITAL TO \$1,500,000

Stockholders of the Chicago Trust Company voted at a recent meeting to increase

the capital stock from \$1,000,000 to \$1,500,000. The \$500,000 of new stock will be offered to the stockholders at par, \$100 per share, in the ratio of one new share for each two held, and will be ready for delivery April 1 next. The increased capitalization, it is announced, is for the purpose of facilitating the bank's growth and in anticipation of its further development upon occupancy of the quarters in the Rector building, Monroe and Clark streets, now occupied by the Federal Reserve Bank.

NEW FINANCIAL ADVERTISING COMPANY

A financial advertising department has been organized by Critchfield and Company, Chicago, Ill., which will specialize on bank and bond house campaigns.

BECOMES PRESIDENT OF INDIANA BANK

Announcement was made recently of the election of Fred L. O'Hair, formerly of the National City Bank of New York, as president of the Central National Bank of Greencastle, Ind., and also president of the Central Trust Company of that city, affiliated institutions. With the election of Mr. O'Hair his father, R. L. O'Hair retires from the active management of the two institutions and becomes chairman of the boards of directors after thirty-five years as president. He has been prominent in banking circles of the state, and was instrumental in the organization of the Indiana Bankers Association, of which he served as president.

Fred L. O'Hair is also well known to Indiana bankers and business men. Several years ago he served as chairman of group five of the association, and before coming to New York was Indiana's representative of the National City Bank. For the past three years he has been active in the educational work of the American Institute of Banking, and collaborated in the preparation of the institute's new book, "Standard Banking." He has been a member of the educational committee and is a sustaining member of New York chapter.

NEW DEPARTMENT FOR UNION TRUST COMPANY

A further addition to the wide range of services offered by the Union Trust Company of Cleveland, Ohio, is found in the new travel service department which began operation in new quarters in the bank on November 1.

The addition of this new department to the bank was accomplished by the affilia-

Buying and Selling

orders for Liberty Loan Bonds and Victory Notes promptly executed.

Nominal market quotations on Liberty Bonds are furnished daily upon request.

Correspondent banks are invited to use this service.

General Banking Trust Service Investments
Foreign Department

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

Bond Department
R. U. LANSING, Vice President & Manager

Banks and Bankers Department
F. A. CRANDALL, Vice President

tion with the bank of one of the oldest steamship ticket businesses in the city of Cleveland—the Akers Folkman Lawrence Company.

Mr. Folkman is especially well known in Cleveland as he has been in the steamship ticket business here for forty years.

The combination of travel facilities offered by the Akers Folkman Lawrence Company and the services available in the Union Trust foreign department is expected to prove of particular interest to Clevelanders who are in any way interested in European business or travel.

ACCOUNT-A-WEEK CLUB OF CLEVELAND BANK

Activities of the Account-A-Week Club of the Guardian Savings and Trust Company of Cleveland brought in 10,426 new accounts with initial deposits of \$6,082,000 during the twelve months, ending October 1.

Cash prizes and gold emblems were awarded the leaders in the contest by A. R. Fraser, vice-president, at a mass meeting of employees October 4. Gold pins were presented to all employees who had secured at least four savings accounts a month during the year. The first prize of \$100 went to

Joseph Petroski, who had obtained 184 accounts; the second of \$50 to L. O. Bond, 181 accounts; the third of \$30 to A. H. Barbe, 148 accounts; the fourth to W. J. Strater, 139 accounts.

H. C. Robinson, first vice-president, in behalf of the directors and officers thanked the 600 employees for their loyalty and enthusiasm in bringing in the large volume of new business and announced that the contest would be continued another year.

Last fall employees of the Guardian Savings and Trust Company decided to carry on a continuous drive for accounts instead of the periodical campaign. The goal set for each employee was one savings account of \$5 or more each week throughout the year. At the end of the first month in which he obtained four or more accounts, he received a silver pin, designating him a member of the Account-A-Week Club. If he maintained this record each month of the year he was awarded a gold pin October 4.

W. R. Green, vice-president of the Guardian Savings and Trust Company of Cleveland, was elected to a three-year term as chairman of Group Nine of the Ohio Bankers' Association, the largest group in the state. He has been on the Guardian staff

for twenty years, and he is a leader in developing better banking forms and accounting.

ADVERTISING AGENCY MOVES IN LARGER QUARTERS

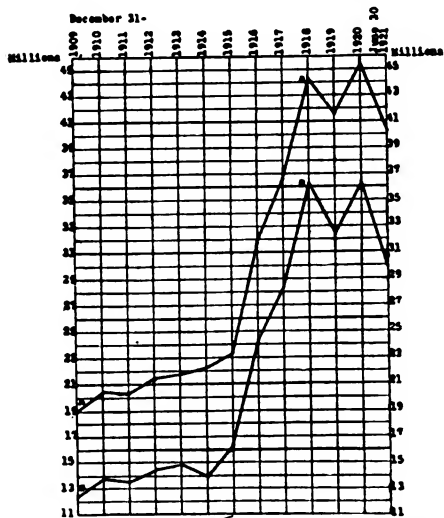
The advertising agency, Bauder-Baker, formally in the Union Bank Building, Chicago, Ill., have found it necessary to move into larger quarters at 738 S. Michigan avenue, that city, because of the great increase in their business.

CHICAGO BANK ADDS ANOTHER SAFEGUARD

The Central Manufacturing District Bank has been admitted to affiliated membership in the Chicago Clearing-house Association. Such membership carries with it the active cooperation of member banks and a greater efficiency in daily exchange of items. Already under state supervision, this bank has now added another pledge of security—clearing-house supervision.

GROWTH OF YOUNGSTOWN, OHIO, BANK

Graphic illustration of the combined resources and deposits of the First National Bank and Dollar Savings and Trust Com-

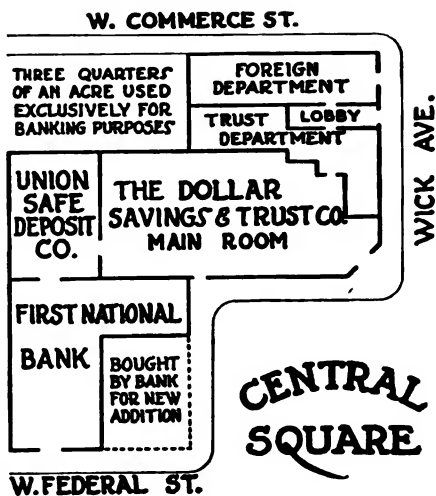


First National Bank and Dollar Savings and Trust Co., of Youngstown, Ohio

Combined Resources A Combined Deposits B
From 1909 to 1921

pany, Youngstown, Ohio, is shown in the accompanying chart.

These banks became affiliated by stockholders' agreement in 1907.



First floor plan of the First National Bank and Dollar Savings and Trust Co., of Youngstown, Ohio

Since the close of this chart deposits have decreased $2\frac{1}{4}$ millions and total resources decreased $1\frac{1}{2}$ millions.

This decline was due to the local unemployment conditions.

These banks have 60,323 commercial and savings depositors.

On September 6 last the combined aggregate of the resources of the two banks was \$38,629,364.58—almost equally divided between them, the First National Bank reporting \$19,205,368.03 and the Dollar Savings and Trust Company \$19,423,996.55.

A unique feature of the folder issued by these banks is their first floor plan, shown herewith.

FIRST NATIONAL BANK IN ST. LOUIS OPENS NEW BUILDING

The First National Bank in St. Louis, celebrated the completion of its new and enlarged building, during the week of October 31 to November 5.

Special guides were appointed to direct the visitors through the bank building during the entire week, giving them an opportunity to see the many different departments of service, which proved very interesting.

The main floor of the bank is one of the largest in the country and very beautifully designed. The combination of the stately dark green marble columns with the rich golden tinting of the decoration is an unusual and striking departure in bank architecture.

The impressiveness of this interior architectural treatment is increased by the artistically designed lighting fixtures which are



We Know No Banking Hours

EVERY mail train leaving Cleveland carries Union Trust mail. Day and night our transit department maintains its ceaseless round of sorting and mailing. For every check on an out-of-town bank which comes in to us for collection goes out of Cleveland on the first train bound for destination.

Our special force of trained men, who constantly study mail routes and mail trains, enables us to save a day—sometimes even two or three—on collections. In fact, we

know so definitely that checks put through our transit department will reach destination without delay that we are able to give correspondents the benefit of very liberal collection terms.

We realize, too, that oftentimes your service to your own customers depends upon our service to you.

Wouldn't it be a satisfaction to you to be able to assure an impatient customer that his out-of-town check will receive the immediate attention of the largest bank between New York and Chicago?

Capital and Surplus \$33,000,000

The Union Trust Company *Cleveland*

suitably placed not only to the convenience of the bank's patrons but also to bring out the contrasting values of the color combination. The walls are dark brown marble and the cages are bronze to match.

In addition to the main floor the bank occupies six other floors, giving it 107,958 square feet in all and making it possible to render a complete banking service under one roof. Its consolidated interests include eighty-seven directors, sixty-six officers and 730 employees, and its daily transactions average more than 81,000.

The second floor is occupied by the executive managers and the affiliated institution, the St. Louis Union Trust Company. The third floor, by the transit and bookkeeping department; the fourth floor, by the auditing and recording department; the fifth floor by the credit, new business and advertising departments and the sixth, by the research and statistical department. The directors' room is also on this floor. It is a very beautiful room furnished in English walnut with artistic lighting floor and ceiling fixtures. The walls are also of English walnut to harmonize with the furniture. The safe deposit department is located on the basement floor. These various departments

are equipped with the automatic inter-communicating telephone system.

The main floor of the bank is accessible from four entrances on different streets. The customer coming into the bank can find his way quickly to the department with which he desires to transact business. The officers are accessible, ten desks having been provided for the vice-president staff alone. The savings department is by itself, as also is the Mortgage Trust Company, an affiliated institution which conducts the investment department.

As a special feature during the week, the famous Farran Zerbe Money of the World Exhibition was on display, free to the public, in the main floor lobby. The exhibit consisted of over 30,000 specimens of money of all periods and countries during the past 5,000 years, and attracted thousands of people to the bank.

J. O. EATON JOINS OTIS AND COMPANY

J. O. Eaton, for some years prominent in Cleveland industrial and commercial activity, and nationally known in industrial circles, has become a general partner in the invest-

ment house of Otis and Company, one of the country's largest and best known private banking institutions.

A man of wide experience in the textile, agricultural machinery, steel and automobile businesses, he was notably successful in organizing and building up the Torbensen Axle Company, founded in Newark, N. J., with an original capital of \$50,000. As president and general manager, Mr. Eaton developed this into a \$8,000,000 concern occupying a dominant position in the automobile industry. When the Torbensen was absorbed by the Republic Motor Truck Company in 1917, he became first vice-president in charge of finances.

In 1919, Mr. Eaton organized and became president of the Eaton Axle Company of Cleveland, consolidated in 1920 with the Standard Parts Company, he becoming president and general manager. When conditions placed this company in receivership, Mr. Eaton was appointed one of the receivers on request of all concerned. This position was resigned last May.

WOMEN LEARN BANKING AT FIRST WISCONSIN

That the group meetings at the First Wisconsin National Bank, Milwaukee, Wis., in which the women of that city join, are serving the purpose for which President Oliver C. Fuller intends them, is evident from the results achieved. The purpose is to equip women for self-help in the handling of their banking business, to educate them regarding problems affecting investments, and, generally, to make them independent of outside help in the management of their financial affairs.

Since the inauguration of these meetings a little more than a year ago many women, who at the time knew little or nothing about banking, are now able to handle their own affairs, and are expressing their appreciation to the officers of the bank for the educational opportunity afforded them. Women in the home, as well as women in business and the professions, who attend these talks, find in them great practical value, and teachers declare that they find helpful direction in presenting arithmetic and related courses to their pupils.

The present series of group meetings, is the fourth that has been given at the bank. A new series is begun each half-year. The meetings are designed especially for women, but at nearly every meeting one finds a few men in the audience. The talks are given by officers of the bank, and usually by those who are in charge of the particular function

with which the discussion deals. Full opportunity is given for questioning the speaker, so that all the details of any particular service rendered by the bank may be fully understood.

This fall four phases of banking will be discussed. The opening week was devoted to a consideration of the subject "How the Bank Lends Money." This dealt not only with the practice followed in providing big businesses with funds but also with the routine followed by the small borrower. Two weeks will be devoted to investments, the first week an explanation of investment terms, the difference between stocks, bonds, etc. will be presented, while the second discussion will deal with what determines a good investment and what securities are worth buying. Following these a talk will be given on the Federal Reserve System, and the fifth and last week will be devoted to a study of the organization and operation of a bank. The series will conclude with a tour of the bank under the direction of Cashier A. G. Casper. This feature has always been one of the most interesting of the entire series.

Before the conclusion of the present series, those attending the group meetings will be invited to designate the subjects which they wish to have taken up at the next series, to open shortly after the beginning of the new year.

NATIONAL BANK OF COMMERCE ENLARGES QUARTERS

The new addition of the National Bank of Commerce, St. Louis, on the corner of Broadway and Pine streets, increasing the first floor banking space of this institution one-third was formerly opened on October 17. More than 10,000 people attended the opening. Floral offerings were received in large numbers.

This addition gives the National Bank of Commerce one of the largest banking homes in America. Over 6,000 square feet is added to the first floor banking space of the institution.

The new quarters, formerly occupied by the Mortgage Trust Company, house the bond, trust and safe deposit departments.

The trust section, under Virgil M. Harris, was badly in need of room for expansion of the services of this department, which was the first one organized in the United States under the national banking law. It now has a greater volume of business than any national bank trust department in the country.

The trust and bond departments were removed from the Commerce Trust building

addition, now given over largely to savings. In four years' time the total of savings depositors has grown to 45,000. With the savings will be the foreign, passbook, city, statement, new business and advertising departments, many of these moving from upstairs space in the same building.

"By increasing our space virtually one-third, we are not only providing for a new over-crowded condition in our bank, but showing our faith in an ever-growing St. Louis by creating a first-floor banking area that is one of the largest in the city," said John G. Lonsdale, president, under whose able leadership the bank has grown to such proportions.

"We now have under one roof, stretching from Olive to Pine over Broadway, first floor space under one board of directors, seven different banking services, including the complete facilities of modern banking; in fact, we might be called a department store of banking. All of which we feel is a tribute to the rapidly growing community which has made this expansion possible."

The National Bank of Commerce, one of the city's oldest financial institutions, being sixty-four years old, has experienced a steady growth since John G. Lonsdale's assumption of the presidency in 1915.

This bank began in 1857 as the Building and Savings Association on Pine street near Second. In 1875 it became the Bank of Commerce, located at the northwest corner of Fourth and Olive streets. In 1885 the bank moved to the old Jaccard building, northeast corner of Broadway and Olive streets, two years later becoming a national bank.

After consolidating with the Continental National in 1902, the bank occupied its present original quarters on the southeast corner of Broadway and Olive streets.

A savings, trust and bond department was added in 1918, when the additional quarters south, formerly occupied by the *Post-Dispatch* were taken over.

ELECTED PRESIDENT OF DUBUQUE BANK

W. M. Hetherington was elected president of the First National Bank of Dubuque, Iowa, to fill the vacancy caused by the death of C. H. Eighmey.

Mr. Hetherington was born and reared in Dubuque. He has had thirty-five years of practical banking experience in every department of the business, fourteen years of which have been with this bank. He entered it as a messenger when Mr. Eighmey was its cashier, and under his supervision



Out in the Northwest

A BANK with resources
of over \$100,000,000

—the leading financial institution of its section—
the logical clearing point
for business intended for
Twin City territory.

First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars

and training filled all of the different clerical positions in the bank at that time. After ten years he organized and was for a number of years cashier of the First National Bank of Platteville, Wis.

During his nine years' residence in Spokane, Wash., he was engaged in the mortgage loan business and for some time was connected with the Fidelity National Bank of that city as manager of its bond department. Shortly after the death of Mr. Blocklinger in 1917 he was called to Dubuque to take the active vice-presidency of the First National Bank.

CHARLES C. SCHMIDT

Charles C. Schmidt, vice-president of the Second Ward Savings Bank, Milwaukee, Wis., which institution he had served in various capacities since he entered its employ as a messenger boy sixty-two years



CHARLES C. SCHMIDT

Vice-president Second Ward Savings Bank, Milwaukee, Wis., whose death occurred recently

ago, died suddenly in Milwaukee on October 17, 1921, having reached the age of seventy-nine years. Mr. Schmidt was born in Germany and entered the employ of the Second ward Savings Bank in 1859, at the age of seventeen. His experiences cover the period from the wild-cat currency days to the

present period of well regulated banking. He was active in the Bank up to two days prior to his death.

MORRIS PLAN BANKERS CONVENTION

The Morris Plan Bankers Association, consisting of representatives of a large majority of the 100 Morris Plan banks and companies throughout the United States, held its annual convention at the Planters Hotel, St. Louis, on October 17. The Industrial Finance Corporation—parent company of the local banks—was represented by its vice-president and general manager, T. P. Junkin, vice-president, Arthur Hagen and R. C. Bonnell; and the Morris Plan Company of New York sent Vice-president W. D. McLean. The convention was presided over by Thomas Coughlin, vice-president of the Morris Plan Bank of Cleveland and president of the association. Small loans aggregating about \$70,000,000 are being made annually on the Morris Plan.

R. P. TITUS RETURNS TO LIBERTY CENTRAL TRUST

President J. L. Johnston of the Liberty Central Trust Company of St. Louis, recently announced that R. P. Titus, who resigned last April as assistant vice-president of the Liberty Central Trust Company to become vice-president of the Security National Bank of Dallas, Texas, has been re-elected by the board of directors to his former position.

Mr. Titus has already resumed active duties as assistant vice-president of the Liberty Central and attended the recent eight group meetings of country bankers throughout Missouri.

LIBERTY CENTRAL PUBLISHES ATTRACTIVE BOND BOOKLET

"Bonds for Discriminating Investors" is the title of an attractive sixteen-page bond booklet recently published by the Liberty Central Trust Company of St. Louis, Mo. It contains an interesting diagnosis of eleven types of municipal, corporation and government bonds suitable for various classes of bond buyers. The types of bonds illustrated are as follows: municipal bonds, direct obligations of counties, direct obligations of cities, bonds of school districts, bonds of Missouri drainage districts, district bonds, corporation bonds, railroad bonds, equipment trust certificates, bonds of public utility companies, bonds of companies manufacturing and distributing food products, government bonds, etc.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

SEASONAL buying in retail and other channels has given general trade in the West a somewhat better appearance, but underlying conditions still reflect many discouraging conditions. The western states, in common with the remainder of the country, are eager to bring about a revival in business. In the face of all the reverses of the past year, this territory is making use of every opportunity to bring a turn for the better in general business, but it continues to encounter powerful obstacles that are the result largely of the reduced purchasing power of domestic and foreign consumers of its principal products.

One of the most encouraging phases of the western trade is the evidence of sharp reductions in the cost of production on farms and ranges. Farmers and stockmen are exerting themselves to readjust their expenses to the changed income from their products. But they are finding their calculations of income undergoing forced downward revisions. Wheat, corn, oats and live stock are lower than a month ago—at new low levels for the year. An indication of the extent of the efforts of farmers and stockmen toward a reduction in their expenses is to be found in the commercial feed trade. A condition of stagnation prevails in the commercial feed industry because farmers and stockmen are averse to spending money for feedstuffs to balance their rations when they can obtain large quantities of cheap feed in their own communities, or on their own land. The economy thus practiced is really unprofitable in instances, but it tells a story of efforts to make the income balance the outgo in the business of stock raising and farming. In the future this will be helpful to western business, but for the present it is a deterrent, especially with weakness still surrounding the markets from which farmers derive their income.

Industrially and commercially, reports from a majority of centers of business in the United States indicate improvement, but

apparently the gains made in these fields have not been sufficient to give the grain and live stock markets the expansion in demand which they need to develop upturns in prices. The West is still disturbed by reports of extensive unemployment in the industrial districts of the country that normally absorb huge quantities of its meats and other products. Stimulated by the many forecasts of business revival emanating from various quarters in recent weeks, retail merchants in the West have been somewhat better buyers in wholesale channels. Another stimulus which increased this buying was the rise in cotton goods. But the retailers are finding that, with the exception of necessary articles which must be acquired with the change of seasons, farmers and stockmen are not in any mood to expand as buyers. Many who would like to buy are handicapped by disappointing returns from their marketings and by the continuation of serious price disparities.

On the one hand the West sees in the country as a whole a greatly improved banking situation, with high reserves in the Federal Reserve System. It also sees some degree of improvement in sentiment as to the future of domestic business. On the other hand, the West continues to feel a low purchasing power in Europe. Even in the case of wheat, which has moved in enormous volume for export, the purchasing power of Europe, together with its adverse effect on American business, a disappointing market prevails. The West is more promptly affected by a lack of strong buying by Europe than other industries which are not so international in character. It is, therefore, anxious for greater recovery in Europe, realizing more than ever that, without this, it cannot hope to enjoy a real revival in business.

Only slight changes have been recorded in the money situation in the western states as compared with a month ago. It is probable that the aggregate of loans is a little larger than a month ago. There are strong indications, in fact, that the peak of liquidation has been passed and that only a decided spurt in demand and prices on grain and live stock markets will enable banks

to improve their position further. The betterment in the situation in the East has helped to hold rates down in this territory; otherwise, it is probable that loan rates would have been strengthened. The East has been a heavy buyer of acceptances from banks, aiding to that extent in improving the money situation here. The Federal Reserve Bank of Minneapolis reduced its discount rate on commercial and agricultural paper from six and one-half to six per cent., but its territory is still in a tight position. At Kansas City there has been some talk of a possible reduction from six per cent. in the agricultural paper rate, but it is doubtful if action will be taken.

A new development of the month financially was the opening of branches of the War Finance Corporation in this section under the recent Federal legislation authorizing loans of as much as \$1,000,000,000 to the agricultural industry. Local bankers have been named on the advisory committees serving these branches, and announcement has been made that their rates on feeder cattle loans not running in excess of six months will be five and one-half per cent., comparing with the six per cent rate of the Kansas City, Chicago and Minneapolis Federal Reserve Banks. The War Finance Corporation agencies will charge six per cent. on other loans, with the stipulation in every case that the bank, loan company or other institution getting the funds will not charge in excess of two per cent. above its own rate to the individual borrower. The War Finance Corporation has not made it easy in its application forms to obtain loans. Some criticism is heard on this point. That some credit will be obtained from it by the West is quite obvious, but present indications are that it will start no great flow of money into this territory and that it will help business little, if at all.

Probably the chief accomplishment of the War Finance Corporation, with its widely heralded authorization to lend \$1,000,000,000, will be to silence the farm advocates of more and more government credit and to awaken this entire territory to futility of crying for more credit to hold crops and live stock when the real need is more buyers on its markets and more credit to enable Europe to purchase larger supplies of its harvests.

Live stock markets hope to benefit most from the War Finance Corporation funds, but it was true all of the past month that unfinished cattle and other stock sold relatively better than fat offerings ready for slaughter. Stocker cattle frequently sold at premiums compared with fed offerings. It

is difficult to develop a situation that will permit feeders to buy their unfinished stock at further premiums no matter how much credit is extended them. Hence, it seems that any improvement in the trade in live stock must come from an increase in the demand for the dressed meat rather than from the injection of more credit into the industry. With the range runs of live stock now drawing to a close, the future of the markets for live stock rests more upon consumption of meat than on any other influence. No shortage is in prospect in fed stock markets. Retailers are still asking too wide a margin over wholesale prices for meat. Restaurants, too, must lower their prices. European buying of pork products is quite favorable, but, as in other products, it is affected by the unsettled foreign exchange situation. Horses and mules are still moving only in very limited volume, the South presumably not having yet experienced sufficient improvement in its purchasing power to become an active buyer.

After a brief period of strength, the market for all the grains has undergone radical declines, wheat leading. Some grades of ordinary wheat, which predominate in the arrivals in southwestern markets, are selling below a dollar a bushel in Kansas City, and only the best varieties are bringing more than a dollar a bushel net to the producer in the country. A sharp contraction in the foreign demand for wheat, evidence of large accumulations of the grain at gulf ports and in foreign ports held by speculators, along with a material slackening in the demand on markets, have contributed to the weakness in prices. All grain deliveries are at the lowest level of the crop year. An active inquiry is being felt for the choice grades of milling wheat, but such offerings comprise only an insignificant portion of the marketings from the country. Wheat continues to move freely, being stimulated by the weakness of prices and by unfavorable weather conditions. It is generally estimated that less than forty per cent. of the crop still remains in first hands. Demand for flour has contracted sharply.

Corn continues under the weight of an enormous new crop, which is becoming available over a wide territory.



GEORGE L. RAMSEY GOES TO NEW YORK CITY

George L. Ramsey, president of the Banking Corporation of Montana, Helena, Mont., has resigned to become an executive officer of the Central Copper Company of Arizona.

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital	\$1,000,000
Surplus (Earned)	\$1,000,000
Total Resources (Over)	\$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

at the New York office. The Commercial Club of Helena gave a dinner in his honor just before he left for the East.

The following tribute to Mr. Ramsey was given in an editorial from the *Helena Independent*:

Not only the business people of Helena, but citizens generally will regret that George L. Ramsey a well known banker of the state, is to leave for a wider field of endeavor in the nation's largest city.

Mr. Ramsey has long been a resident of Montana and Helena, coming to the capital in 1898. He has been connected with big business enterprises. It will be a source of satisfaction to know that he will retain his interests in the state, although he purposes making his home henceforth in New York City, where he will be the chief financial officer of a large corporation.

That he will achieve success in his new work, as he has in his labors in Montana, is the confident belief of his hundreds of friends throughout the state. They base their confidence not only on his record as an organized and executive of great ability, but because of his natural gift for making friends. He is an optimist, courageous, cheerful, courteous and above all, human.

The Helena Commercial club, under his direction as president at the past two and a half years and reelected for a third term, has been a live institution seeking and accomplishing much for the public good. There is no more consistent booster for Helena and Montana than Mr. Ramsey.

In the field of politics, Mr. Ramsey has been prominent. He was speaker of the house in the fourteenth assembly and made one of the best presiding officers the legislature has ever known. His diplomacy and tact in handling difficult situations are yet the subject of favorable comment by his political associates.

Montana and Helena have no more staunch

and loyal supporter than Mr. Ramsey and all of us will wish for him the greatest success possible in the larger work which he is about to undertake.



Reno National Bank and Bank of Nevada Savings and Trust Company, Reno, Nevada

Louis W. Knowles, formerly assistant cashier of the Liberty National Bank of New York is now a vice-president of this Reno Bank, the combined capital and surplus of which amount to \$1,000,000.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

GENERAL business conditions continue to improve as produce moves into consumption. While unemployment, especially noted in the larger cities, is above normal, late figures show it is on the decline and consists principally of unskilled labor. Most wholesale lines are still somewhat dull. However, in general, the situation is quite different from that of a very few months ago. Fruits, canned and dried, are now finding a ready market; beans, barley and wheat are being moved; rice is being exported to Japan; canned salmon is selling at prices which, while not high, are a great improvement, and timber market is good.

Loans, discounts and investments of member banks in the twelfth district have been reduced \$106,593,000 during the year.

The public recently has been buying immense blocks of good bonds and as a result the floating supply of high grade issues has been greatly reduced.

Heavy shipments of California walnuts are now reaching the eastern markets. A few months ago car-lots of old crop walnuts once shipped East were returned to San Francisco because of the demand on the part of local confectioners. This season it is estimated that practically one-third of the entire crop will move to eastern markets by boat. For the next two months the association expects to load between 400,000 and 500,000 pounds of walnuts on each boat leaving Los Angeles harbor. Ocean shipments mean a saving of one and one-quarter cents a pound under the rail shipments. The walnuts are in the eastern markets ten days earlier this season than last.

Wine growers continue to reap the benefit of the eighteenth amendment and are realizing handsomely on about a two-thirds normal crop of grapes.

The sugar industry in the Islands is facing trying times and every plantation is operating at a heavy loss. It is not the intention to abandon operations in the cane fields, despite the low price of sugar, owing to the cost and time which would be involved in rehabilitating them when better market conditions return. Under a new arrange-

ment, the five per cent. profit-sharing bonus, dependent on the price of centrifugal sugar, will be abandoned in favor of a bonus paid to all workers who turn out for work twenty-six days in a month. Previously the men worked twenty days in a month to participate in the profit-sharing bonus.

Apple data indicates that the storage movement is exceeding all records. At Los Angeles there were 409,000 boxes already in the cold storage rooms as compared with 136,000 boxes at this time last year. Dealers believe that the present stagnation of the apple market is but temporary. The fact that the apple crop of the country is but fifty-four per cent. normal and that there are practically no late apples in the East is made the basis for the optimistic outlook.

In the Utah-Idaho district sugar factories are well under way. The condition of the sugar beet crop is good and prospects are good for a large tonnage. In California the campaign is in full swing with crops reported fair to good.



ARRANGE TO INCREASE CAPITAL OF BANK OF ITALY

Increase in the capital stock of the Bank of Italy to \$25,000,000 was forecast recently in a resolution adopted by the executive committee of that institution and addressed to the bank's board of directors.

The proposal, as set forth by the executive committee, asked the board of directors to initiate the necessary proceedings at its next meeting to increase the capital stock of the bank from its present authorized, fully paid up capital of \$10,000,000. It is contemplated that this additional capital stock will be issued in such quantities and at such times as the board will designate, beginning with an immediate issue of 50,000 shares at \$200 per share.

"The Bank of Italy is essentially the people's bank," said A. P. Giannini, its president, "and we propose to keep it so. It now serves a large part of California, but it is our intention, with the approval of the duly constituted authorities, to extend Bank

of Italy service to every section of our great state. At present 4,000 Californians own Bank of Italy stock, but in order to give more Californians an opportunity to become interested, we are going to ask our present stockholders to waive their prior rights to at least one-third of the contemplated new issue."

The bank further intends to provide adequate buildings for its branches at Los Angeles, Sacramento, Stockton and Fresno, as well as in several of the smaller cities where their present quarters have been outgrown. It also intends to extend its service to the whole state of California. More available stock will therefore be necessary with which to interest residents of new communities entered.

When this additional capital stock of the Bank of Italy has been sold, its combined capital, surplus and undivided profits, together with those of the Auxiliary Corporation, will aggregate \$50,000,000, placing the Bank of Italy among the foremost banks of the nation, such as the National City Bank of New York, whose working capital is slightly over \$100,000,000 and the National Bank of Commerce with a little over \$50,000,000.

The latest statement of the Bank of Italy showed resources of approximately \$190,000,000, not including the Rideout Banks of the Sacramento Valley and the recently acquired institutions at Bakersfield.

AFFILIATION OF LOS ANGELES AND HOLLYWOOD BANKS

By an agreement entered into between all the stockholders of the First National Bank of Hollywood and the Hollywood Savings Bank on the one hand, and vice-presidents J. Dabney Day and Charles F. Stern, representing the First National Bank of Los Angeles on the other, an affiliation was consummated by which the stockholders of the First National Bank of Los Angeles take over a controlling interest in the stock of the First National Bank of Hollywood, the oldest and one of the strongest financial institutions in the Hollywood section of the city, and also the stock of the Hollywood Savings Bank, which is under the ownership of the First National Bank of Hollywood.

This transaction does not entail an outright purchase of stock, but the stockholders of the First National Bank of Hollywood and the Hollywood Savings Bank, through an exchange of shares with the Robinson banks, become co-partners in the entire business of the First National Bank of Los Angeles and also the Los Angeles Trust and Savings Bank.

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,250,000.00

Total Resources 20,047,726.81

C. H. Cooke, President

E. D. Tenney, Vice-Pres. E. F. Bishop, Vice-Pres.

Roxor Damon, 2d V.P. G. G. Fuller, 2d V.P.

Frank Crawford, 2d V.P. R. McCorriston, Cash'r

Branch Banks:—Lihue, Island of Kauai; Waipahu, Island of Oahu; Wailua, Island of Oahu; Kapaa, Island of Kauai.

Prompt handling of collections through close connections on each of the Islands in the Territory.

The affiliation of these institutions does not mean the absorption of the First National Bank of Hollywood in any manner, and the outstanding and important feature of the whole transaction lies in the fact that by this means Hollywood retains its own individual First National Bank and Hollywood Savings Bank, plus the support of the total resources of the First National Bank of Los Angeles and of the Los Angeles Trust and Savings Bank, which resources total more than \$145,000,000.

In a word, all that has taken place is a merging of the stockholders of these institutions without there being a merging of the institutions themselves, for the First National Bank of Hollywood and the Hollywood Savings Bank, will retain their charters, their own officers and their own directors. William T. Hopper will continue as president, and the official list remains unchanged.

In other words, the First National Bank of Hollywood and the Hollywood Savings Bank will occupy the same position that the Los Angeles Trust and Savings Bank now occupies, for although their stockholders are to be the same, the identities of the institutions are entirely separate.

The First National Bank of Hollywood and the Hollywood Savings Bank have had a splendid business career, and have been strong factors in the upbuilding of the northwest section of Los Angeles. Organized with a capital of \$25,000, the First National Bank of Hollywood and the Hollywood Savings Bank now have capital, surplus and undivided profits of more than \$225,000. Deposits on September 6, the date of the last call of the comptroller of the currency total \$2,880,176.16 and total resources \$3,228,281.93.

The affiliation was made necessary because

of the rapid growth of Hollywood and in order to meet the heavy financial demands caused by the development in this section of the city.

The First National Bank of Hollywood is located at Hollywood boulevard and Highland avenue, in a particularly important business center of Hollywood, and in the future will work in close cooperation with the new branch of the Los Angeles Trust and Savings Bank, which is being built at the corner of Hollywood boulevard and Hudson avenue.

Between these two banks the financial requirements of Hollywood can be met at all times and without difficulty, for this transaction places at the disposal of Hollywood business men almost unlimited financial backing.

The officers of the First National Bank of Hollywood are: Wm. T. Hopper, president; M. F. Palmer, cashier; P. B. Storm, R. D. Oliver, assistant cashiers; L. B. Booth, assistant secretary; P. Miller, auditor; W. H. Garland, escrow officer.

The Los Angeles Trust and Savings Bank has also taken over the American Marine National Bank of San Pedro and by permission of the state superintendent of banks will operate it in the future as the "Marine Branch" of the Los Angeles Trust and Savings Bank.

This merger comes as a result of an agreement entered into between the stockholders of the American Marine National Bank of San Pedro on the one hand, and the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank on the other, by which an exchange of stock holdings has been effected.

Under the new arrangement, J. O. Mitchell, formerly cashier of the Marine, becomes branch manager of the Los Angeles Trust and Savings Bank, while E. E. Moores, formerly vice-president of the Marine, becomes assistant manager.

The stockholders of the Marine, through an exchange of shares, become partners in the entire business of the First National Bank of Los Angeles and also of the Los Angeles Trust and Savings Bank.

At the end of the fiscal year, June 30, 1921, the capital of the American Marine was reported at \$200,000, its deposits at \$562,000, its loans and discounts at \$468,000 and its total resources at \$764,000.

The new Marine branch of the Los Angeles Trust and Savings Bank occupies a new banking building in the heart of the

San Pedro business district, and is one of the most modern and best equipped banks of its size on the Pacific coast.

It is announced that Ray Mitchell, formerly president of the Marine, will remain with the organization as chairman of the advisory commission, and that otherwise the official list will not be changed.

FARMERS AND MERCHANTS NATIONAL BANK, LOS ANGELES

The statement of condition of the Farmers and Merchants National Bank of Los Angeles, Cal., at September 6, 1921, showed total resources of \$34,211,268.40, surplus, \$1,000,000, undivided profits, \$1,347,676.48, deposits, \$26,742,715.01.

ELECTED JUNIOR VICE-PRESIDENTS

A. C. Way and W. H. Lutz have been elected junior vice-presidents of the First National Bank of Los Angeles. Both Mr. Way and Mr. Lutz have been in the service of the bank for many years and until their new appointment each served as an assistant cashier.

Mr. Way is a native of Belleville, Ontario, and came to the United States in 1880. He became a railroad man, first associated with the Grand Trunk Railway at Port Huron, Michigan, and later with the Atchison, Topeka and Santa Fe, with headquarters at Topeka, Kansas.

In 1886 Mr. Way came to Los Angeles. The following year he began his banking career with the Los Angeles County Bank and remained with it until its voluntary liquidation seven years later. On March 1, 1894, he entered the employ of the First National Bank of Los Angeles, with which financial institution he has served for twenty-seven years.

Mr. Lutz, who is a native of Norristown, Pa., began his banking career with the Centennial National Bank of Philadelphia in 1889. In 1889 he came to Los Angeles and entered the service of the National Bank of California as receiving teller. At the invitation of J. N. Elliott, now chairman of the board of directors, Mr. Lutz entered the employ of the First National Bank of Los Angeles as receiving teller in March, 1898. During the twenty-three years service with this bank, Mr. Lutz worked his way up through the various grades until his appointment as junior vice-president.



Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

ALTHOUGH unfavorable harvesting and threshing conditions have been experienced in Western Canada and in some sections complete failure of the crop, owing to midsummer drought, has been experienced, the results all round are such as to give a better tone to the situation both East and West. Prices for farm products, too, are inclined to show an improvement, despite the tariff restrictions on shipments to the United States. This tends to lend confidence as indicating that the bottom of the slump has perhaps been reached. Similarly there is some indication of a better outlook in certain industries which were the first to feel the depression and which have brought the prices of their products down to a basis in keeping with the reduced buying power of the consumer; the same may also be said in the case of the wholesaler and retailer who faced the situation by meeting their customers and selling on the basis of replacement cost as the markets declined.

However, generally the situation indicates not so much an improvement as that depression has been checked and a spirit of confidence developed by the fact that where the situation has been faced and readjustments fearlessly made there are better things ahead. It is still evident that there is too great a spread between the prices for farm products and raw materials as compared with semi-manufactured goods and finished articles; in other words the costs of manufacture and distribution are still too high.

The bank statement to September 1, indicated a still contracting demand for funds for current loans and this is particularly significant in relation to trade and industry at a time of the year when there is normally an increase in demand for funds for the purpose of financing the crop movement. The banks, therefore, are in a good position to meet agricultural needs for money not only in relation to the crop movement but in carrying livestock through the depression created by the American tariff and until better relations can be established for ship-

ments either to the States or to England where an effort is being made to have the embargo against Canadian cattle removed. Also they will have available funds to carry through to another season deserving farmers in the West who have suffered crop failure—some of them have had sorry experiences for four, five and even six years.

The reduction of current loans during August was more than \$10,000,000, as shown by the bank statement and the total at that time of \$1,226,000,000 was nearly \$200,000,000 below the high mark of the period of inflation reached last fall. The process of deflation is also indicated in the reduction of nearly \$30,000,000 in gross assets which at \$2,766,000,000 were more than \$300,000,000 less than a year before. During the year call loans abroad—largely to Wall street—were reduced \$36,000,000, current loans abroad \$50,000,000, and loans on public securities, \$50,000,000. On the other hand circulation has been reduced about \$44,000,000, loans from the Dominion Government about \$60,000,000 while demand deposits have been reduced by \$113,000,000 and foreign deposits by \$88,500,000.

A reduction of over \$11,000,000 in loans on public securities during August was another feature of the statement. Loans abroad were cut about \$4,500,000. A reduction of over \$3,000,000 in call loans abroad and about \$1,500,000 in call loans in Canada indicates that stock market speculation is not being encouraged. A decrease in savings deposits of over \$15,000,000 is rather indicative of the protracted strain of the industrial depression and attendant unemployment upon the savings of the people; savings deposits are now \$18,000,000 higher than a year ago. Demand deposits were slightly increased as contrasted with the big decrease for the year.

The holdings of government securities ties showed a slight contraction following a period of increases which have resulted in bringing the total up to over \$62,000,000 more than a year ago. The obligations of the banks to the government were slightly higher following a period of reductions which have brought the total down \$57,000,000 compared with a year ago.

Before the end of the year Canada will pass through a federal election. Business conditions are bound to be more or less upset during this period and there is a strong demand from the business community that the date be made early enough not to interfere with the Christmas trade. Politically the situation is complex in that the present government was a Unionist affair and it remains to be seen where the old parties align themselves; also there are the elements of a new progressive or Farmers' party which promises to sweep Western Canada and make more or less inroads in the East. The tariff is being made the platform issue but it is really not so much in the minds of business and financial men as taxation, transportation, immigration and other matters of vital importance in a war-debt burdened young country. The so-called Fordney legislation in the United States has played into the hands of the high protectionist Conservatives and checked the radical free trade talkers who have aligned themselves with the Progressives but who are not recognized by the leaders of that party, who, like the Liberals, declare that they are not for free trade although they believe in tariff revision and an extension of the British preference.

Altogether, no matter how much the tariff may be dragged out on the public platform and no matter what the outcome there appears to be little chance of changes resulting which will materially affect the business and industrial stability of the country.



LECTURES TO BANK MEN

Hamilton will follow the example of Montreal and Toronto in organizing educational courses for members of the staffs of the city's banks during the coming winter. J. P. Bell, general manager of the Bank of Hamilton, expresses the hope that further plans may also be devised for making the course of the greatest possible value to those who are making the business of banking their life work.

BANKER FAVORS INSURANCE

The head of a Canadian bank has recently notified a large life insurance company that its various branch managers have been advised to suggest life or business insurance to all clients negotiating for loans, of an amount sufficient to remove all doubt regarding security. This is the first recorded instance where a bank has taken a definite

stand on behalf of insurance in business, although in the past clients have been frequently interrogated upon the amount of insurance they carry. Banks in the United States have followed this custom for a number of years.

RECALLS PIONEER DAYS

The thirtieth anniversary of the opening of the Edmonton branch of the Imperial Bank has just been observed, and coupled with it the thirtieth anniversary also of the arrival of G. R. F. Kirkpatrick, manager of the main city branch. Though celebrated with nothing more elaborate than the flying of the flag on the bank building itself and congratulatory notices in the local papers, the event had considerable historic interest, particularly for old-timers. When the Imperial Bank opened here, in 1891, it was the only bank between Calgary and the Arctic Ocean.

FIRE BRIGADE TO HELP

At Barrie, Ont., as the result of a conference between the Mayor, fire chief and the local managers, arrangements have been made to prevent any local bank from being looted. In each branch an electric alarm has been fitted which not only will sound a gong on the street, but also is connected with the fire alarm, and a number of firemen have been sworn in as special constables for service in an emergency.

NEW BRANCH IN BRAZIL

Following the example of the English banks in facilitating the international trade of Great Britain by establishing branches abroad, the Canadian Bank of Commerce is opening another foreign branch at Rio de Janeiro.

Although Brazil is at present passing through a period of trade depression due not only to the marked fall in values of her principal articles for export; coffee, cocoa, rubber, meat products, hides, cotton, etc., the situation is further aggravated by the heavy discount on the value of her currency abroad, she offers through her present population of 25,000,000 a potential market for exports.

INFORMATION FOR CANADIAN SECURITY INVESTORS

Canada, for some time past, has been marketing large quantities of securities in the United States. Governments, municipalities and industrial corporations are represented

Are You Interested in Canadian Trade?



If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.

For further particulars write

Foreign Department

Standard Bank of Canada

TORONTO

Resources over - - - - \$100,000,000.00

in these bond issues. These securities, as a rule, are offered at rates which are attractive as investments, but there is an evident lack of information as to Canada and Canadian conditions. Many who are already holders of Canadian securities and many others who no doubt have been approached on the matter, will be interested to learn that in the Natural Resources Intelligence branch of the Department of the Interior at Ottawa the Canadian Government has established an official intelligence bureau. This branch's function will be to answer enquiries regarding Canada. Com-

ing from this official source, investors may be assured that the data supplied will be authentic.

ROYAL BANK OF CANADA BONUS

The directors of the Royal Bank of Canada at Montreal have declared a bonus of two per cent. on the capital stock for the year ending November 30, in addition to the usual quarterly dividend of three per cent. Both of these disbursements were payable to shareholders of record on November 15, making a total distribution for the year of fourteen per cent.



A. I. B. Notes

BOSTON CHAPTER CLASSES BEGIN

The scholastic year of the Boston chapter, A. I. B., is now under way.

The Old Colony is well represented in the different courses, as about seventy employees are taking up educational work.

The first social gatherings were well attended. A big year for the Boston chapter has been started both in membership and registration for educational purposes.

The following facts explain why the chapter has started a big year. It has 425 new members, making the total membership of the Boston chapter 1,550. It has registered for the courses a total of 647 as follows:

Registered for personal and banking principles.....	34
Bookkeeping and accounting.....	13
Elementary banking.....	218
Political economy.....	78
Banking and finance.....	141
Advertising.....	10
English and business correspondence..	40
Speech training.....	35
Extension of audit.....	78

BUFFALO CHAPTER EDUCATIONAL COURSES

The educational committee takes pleasure in announcing its program for the coming season. This program is the most progressive ever attempted by Buffalo chapter. Four courses have been arranged as follows: negotiable instruments; standard banking;

elementary banking and elementary book-keeping. All these classes are to be conducted in the chapter rooms in the Calumet building on Monday, Tuesday, Wednesday and Thursday evenings, from 8:00 to 9:30 o'clock. The committee has secured an excellent corps of instructors.

CHAPTER OF AMERICAN INSTITUTE OF BANKING FORMED IN NEWARK

A chapter of the American Institute of Banking has been organized in Newark, N. J., known as the Essex County Chapter of the American Institute of Banking. The following officers have been chosen; President, P. B. Menagh of the National Newark and Essex Banking Company, Newark; vice-president, Robert G. Peace, Fidelity Union Trust Company, Newark; second vice-president, D. A. Inglis, Savings Bank and Investment Company, East Orange; treasurer, Charles Niebling, American National Bank, Newark.

Education courses in banking and commercial law will be given and social features and lectures provided for those who are interested in educational work.

ELIZABETH, N. J., NOW HAS CHAPTER

Permanent organization of Elizabeth Chapter, A. I. B. was effected on November 2, 1921 at Elizabeth, N. J.

The officers elected were: President, C. F. Manchon, Bound Brook Trust Company; first vice-president, Thos. MacMeekin, Cranford Trust Company; second vice-president, F. I. Walsh, Plainfield Trust Company; treasurer, F. I. Collins, Cranford Trust Company; secretary, Chas. H. Morton, Elizabethport Banking Company; chief consul, J. J. Silas, First National Bank, Perth Amboy.

This chapter starts with over 200 members representing various banks and trust companies in Union, Somerset and Middlesex Counties, New Jersey.

J. B. Birmingham, assistant cashier of the National City Bank, New York, and one of the lecturers of New York chapter has been engaged as instructor for Elizabeth chapter.

The officers and directors of the banks in these counties realize the value of such an institution as this, and are so thoroughly in accord with its aims that they intend pushing it to the limit, with the view to having Elizabeth chapter numbered among the best and most successful in the country.

WOMEN'S COMMITTEE OF PHILA- DELPHIA CHAPTER

Philadelphia chapter has organized a new committee to look after the interests of the women members of the chapter and to encourage a greater enrollment on the part of women bank employees. This committee is known as the "Women's Committee," and consists of the following members:

Una Sudell, chairman, Philadelphia National Bank; Alice Berkeley, Girard National Bank; Helen D. Harbison, Provident Life and Trust Company; Jane R. Harper, Philadelphia Trust Company; Abigail C. Penrose, Provident Life and Trust Company; Donna O. Smith, Central Trust and Savings Company.

Up to the present time, aside from the educational courses, there has been practically nothing to induce the young women to retain their membership in the chapter, and therefore most of them have withdrawn after completing the one or two courses in which they were interested, and the number enrolling in any of the courses has been all too small. To the young girl just entering a bank, or to the stenographer who wants to advance herself to the position of secretary, the preparatory class, under the direction of O. Howard Wolfe, cashier of the Philadelphia National Bank, is particularly valuable. This course gives a comprehensive survey of the principles of bank, and demonstrates how all the departments in a bank work together.

NEW ORLEANS CHAPTER

A list of the New Standard Certificate holders of the New Orleans Chapter is given here. These members have passed successfully the prescribed examinations in standard banking, commercial law and economics and are, therefore, entitled to the diploma awarded by the American Bankers Association.

F. O. Dietlein, Canal-Commercial Trust and Savings Bank; Mrs. E. C. Erwin, Hibernia Bank and Trust Company; Ben E. Hanna, Hibernia Bank and Trust Company; E. R. Lanng, Whitney-Central National Bank; J. C. Salvant, Canal-Commercial Trust and Savings Bank.

HALSEY W. SNOW, JR.

Halsey W. Snow, Jr., institute graduate and active member of Buffalo chapter has been appointed cashier of the Buffalo branch of the Federal Reserve Bank. Mr. Snow takes the position vacated by H. W. Schneckenburger, who has been promoted to

manager in place of R. M. Gidney who has been appointed a comptroller-at-large, in connection with the New York office. The officers of the Federal Reserve Bank have always backed Buffalo chapter.

TULSA CLASSES GET UNDER WAY

The Tulsa Chapter A. I. B. classes are under way for the winter season under the direction of President G. A. Gunn, assistant cashier of the Exchange National Bank of Tulsa, Okla.

The Tulsa chapter is fortunate in securing the services of two very competent instructors for the different classes. M. L. Cooley, formerly teacher of economics at the University of Tulsa and with past experience in handling A. I. B. courses, will have

charge of the standard banking and political economy classes. Frank Settle, formerly of the legal department of the Exchange National but now of the law firm of Aby & Tucker will teach the class in elementary banking.

About 130 persons have enrolled in the different classes and that number will be augmented from banks at Sapulpa, Broken Arrow, Collinsville and Chelsea.

A. W. ANDERSON

A. W. Anderson, manager of the West Side branch of the Citizens Trust Company of Buffalo, has been appointed chairman of the public affairs committee of the national organization, American Institute of Banking.



More Congratulations

SO many letters of congratulation have reached THE BANKERS MAGAZINE and its editor since the publication of the Diamond Jubilee number that it is impossible to refrain from publishing the following extracts:

*From M. E. Holderness, vice-president,
First National Bank in St. Louis:*

Permit me, first to congratulate you and the other able editors whose editorial gifts and whose business ability have brought THE BANKERS MAGAZINE so magnificently through seventy-five years of stirring financial history.

The present number of the publication exemplifies the possibilities for practical usefulness which long experience makes possible when energized by the spirit of broad-minded and unselfish service.

Even in this Diamond Jubilee Number, the note of clear, concise statement of banking facts which may be put to immediate use is sounded in no uncertain way.

It will, I assure you, always occupy a favored position in my files, reminiscent always of pleasant personal relationships and valuable banking experience.

THE BANKERS MAGAZINE occupies a place unique in its possibilities for cooperation with the individual banker in his endeavor to preserve the high ideals of fiduciary re-

sponsibility, and the fact that your able leadership has enabled your staff to maintain a magazine fully abreast of the recent momentous developments is one of the outstanding features of contemporary financial magazine history.

*From George Wilson, Union Bank of
Canada, Toronto:*

My congratulations are hearty upon the attainment by THE BANKERS MAGAZINE of its Diamond Jubilee, and long may its prosper, say I. Like old wine its dignity and character improves and mellows with age and this has been particularly true under your capable guidance.

Your diagnosis of the willingness and desire of the U. S. A. to lend a helping hand to the stricken nations of Europe is particularly apt, and I think that you hit the nail exactly on the head when you state that any neglect in that direction is due largely to the fact that "our banks found their capital and activities fully employed" at home, and yet, on the other hand, I am sure you will admit that the burden of America's enormous stock of gold is almost becoming intolerable.

It can, I think, be stated as a fundamental truth that no nation can live entirely within itself and so, sooner or later, it seems to me, the United States must take the risk of extending substantial credits to Europe, other-

wise the restoration of normal business is impossible.

I have always had a very kindly feeling in my heart for you because of your consistent championship of the cause of foreign banks and your criticism of the restrictive policy directed towards those institutions in the United States, and it is really incredible that your law makers have not long ago realized that the Golden Rule in this respect is a "sine qua non" if the U. S. A. is ever to become one of the senior partners in international finance.

*From F. W. Ellsworth, vice-president,
Hibernia Bank and Trust Company,
New Orleans, La.:*

This morning I found on my desk the Diamond Jubilee Number of *THE BANKERS MAGAZINE*, and immediately laid everything else aside and went through it from "kiver to kiver."

May I offer my very sincere congratulations and good wishes? Three-quarters of a century of achievement such as stands to the credit of *THE BANKERS MAGAZINE* is something of which you may well be proud, and I am glad of the opportunity of adding my mite to the tribute that you have received, and which you so richly deserve.

THE BANKERS MAGAZINE is a red-blooded he-man publication, and I don't care who knows it.

From W. R. Snodgrass, manager, Fidelity National Bank and Trust Company, Kansas City:

I have just gone through your Seventy-fifth Anniversary Number. Please accept congratulations upon this issue and upon the long period of usefulness of your magazine. Long may it flourish!

From Ernest J. Perry, president, First-Fond du Lac National Bank, Fond du Lac, Wis.:

The Diamond Jubilee Number of *THE BANKERS MAGAZINE* comes to my desk this morning and I am taking this opportunity of extending to you my congratulations and appreciation of your valuable magazine and what it stands for.

We have files of *THE BANKERS MAGAZINE* in bound volume extending back to 1857, some sixty-four years.

As this bank was organized as a bank of the northwest in 1855 and afterwards as the First National Bank in 1865, we feel that possibly we could be numbered among one of your oldest subscribers and I believe your records will show that we have been a subscriber to *THE BANKERS MAGAZINE* for a period of over fifty years.

It is with much pleasure that we extend to you our best wishes for your continued success.

*From W. Irving Bullard, vice-president,
Merchants National Bank, Boston:*

I devoted all of last evening to the September number of *THE BANKERS MAGAZINE*, and may I say most honestly, I have never enjoyed a publication more in my life.

The editorials were most instructive, the articles most interesting, and the advertising of particular interest because of the very large number of banks that you have represented. It seemed to me to be an encyclopedia of sound and instructive reading and of the world's best banks.

*From Alfred C. Bossom, New York
Architect:*

Banking periodicals are carving a position for themselves among the various technical publications, and your Diamond Jubilee Number has set a high water mark.

In the illustrations I notice a particularly clear cut presentation of all the subjects rendered.

You certainly have a story to tell, and you are telling it in a most appealing manner. I do want to add my congratulations to the great many that you must have already received on the successful production of such a journal.

*From E. B. Wilson, president, Edwin
Bird Wilson, Inc., New York:*

The Seventy-fifth Anniversary Number of *THE BANKERS MAGAZINE* does not need to be praised by us; it commands admiration from anyone who sees it. But I do feel like expressing a word to you personally of my feelings as I looked through its pages.

For one thing, I was impressed with the care with which it has been planned, compiled and edited. I have had enough experience in publication work to realize the size of the task to you and your staff.

But the most striking feature to me, with my bent of mind, was the remarkable assemblage of good bank advertising. That number marks an epoch in financial advertising, as it does in the development of banking itself. During its life *THE BANKERS MAGAZINE* has seen financial advertising come into existence and grow up to something like full stature, and I am happy to congratulate not only *THE BANKERS MAGAZINE* but the many persons who are striving to raise the standards of bank advertising and who are represented in the anniversary number.

From F. O. Watts, president, First National Bank in St. Louis:

Representing as it does the fruition of seventy-five years of invaluable service to the banking fraternity of the United States, this particular copy of the magazine exemplifies the results made possible by steady adherence to a policy of practical coopera-

tion with the individual banker, keeping always in mind his daily routine requirements, as well as those broader needs which keep the banking system of the United States working coherently and efficiently.

I congratulate you on your work and hope that the future will bring you great success.

From James B. Forgan, chairman of the board, the First National Bank of Chicago:

I have already sent you my congratulations on the Seventy-fifth Anniversary of THE BANKERS MAGAZINE, and I have now had an opportunity of perusing its Diamond Jubilee Number which is a worthy commemoration of the occasion.

I have read the Jubilee number with much pleasure and profit. Accept my best wishes for your continued success and usefulness.

From G. M. Reynolds, chairman of the board, Continental and Commercial National Bank of Chicago:

The Diamond Jubilee Number of THE BANKERS MAGAZINE is so excellent in every way that I want to write and compliment you. It is a good piece of work from a mechanical standpoint, but what is far better, it contains articles of very great interest to bankers and business men—articles that were prepared by well known authorities who have treated their subjects with clearness, having woven into them a mass of valuable information. It is a number that is well worth preserving for re-reading and reference.

From Noble Foster Hoggson, Hoggson Brothers, New York:

Allow me to add my word of commendation and praise to the many which I am sure you have already received for the splendid "Diamond Jubilee" number of THE BANKERS MAGAZINE. The number is very attractive and the contents most interesting. I cannot but feel that the able discussions and articles which it contains will be of great educational value to your many readers throughout the country.

By education alone can we hope to bring about the attitude of mind which will help secure the peace and prosperity of our

country. Prosperity cannot be manipulated into being. It must be *thought into existence*, and the thought must be based on sound principles. It must first be developed in "the man in the street," if it is to come. Mr. Vanderlip's pessimism cannot prevent it. Judge Gary's optimism cannot alone bring it to pass. The opinions of these men have no doubt great influence, but it is the collective opinion of the great mass of people which will prevail.

Your opportunities through THE BANKERS MAGAZINE to help in an education based on truth and straight thinking are great, and I know your desire to be of service in this way is as great.

From Percy H. Johnston, president, Chemical National Bank of New York:

I wish to congratulate you most heartily on the September issue of your magazine which commemorates its seventy-fifth anniversary. It has had an enviable and interesting career, and I hope that during the years to come it may fulfill in largest measure the promises of its great and illustrious history.

From F. T. Walker, agent, The Royal Bank of Canada, New York:

It is a most handsome and interesting number, and you are to be congratulated on celebrating this important milestone in your career in such an impressive manner.

From F. Duran, president, French American Banking Corporation, New York:

Allow me to congratulate you most sincerely on the seventy-fifth birthday of your most valued periodical and to express my particular appreciation of your September number.

The contents have been read with interest by the officers of the French American Banking Corporation and it is our unanimous opinion that your many successful years are well warranted by the high standard you maintain.

I trust that you may enjoy continued and ever-increasing success.



Home Economics in Banks*

By Miss S. Agnes Donham

Director of the Educational Department, Association for the Promotion
and Protection of Savings

WE hear many people ask "Why is a savings banks?" As well ask "Why is a hen?" There are hens that justify their existence by their service to mankind, and others able to live, fulfill only half their mission in life. So there are banks content with doing less than their best either for one or the other of their two reasons for existence.

Mutual savings banks exist because *people* need protection for their savings, but also because they serve the business of the community. Without willingness to serve business, a bank would become merely a safety vault—the napkin in which to wrap the talents of the unproductive servants. Without the savings of many people, and particularly of the large group of small savers the bank could not serve business effectively. Without a strong sense of the possibilities of *service* to both of these factors in its existence, a bank becomes a drag upon the progress of the real things in the life of a community.

You cannot build the best if you see only the outside of your building. Savings banks have for years built upon a solid foundation of *safety*. The money which has come to them has been cared for; not wrapped in a napkin, it has gained yet other talents through the care and efforts of the officials operating the savings banks. There is a need for making this nation a nation of savers. The time has come when the good of all the people requires that habits of wise spending and systematic saving shall be developed in many who have hitherto been careless spenders. The welfare of the nation depends upon a change in the spending habits of the individuals who make our nation.

The banks which have formerly given service to business must, if they are to meet all of their possibilities, turn a part of their attention to the people who furnish the money which makes half of the reason for the existence of the bank.

To meet this necessity for service to the people home service departments are developing. To the Society of Savings in Cleveland belongs the honor of having had the vision. To each bank official who is a servant of the people who deposit in a savings bank, there comes the necessity of decision as to how far he will help to make that vision a real one. There is a story of a man who came to New York to testify in a law case and the city lawyer asked him where he came from. "Hummerville." "Where is Hummerville?" "Up state." "What is Hummerville like?" "Bout like this." "Do you mean to say Hummerville is like New York?" "Yes, yes; course tain't all built up yet." That man had a vision. He knew what Hummerville should and would look like if his vision became reality.

WHAT IS A HOME SERVICE DEPARTMENT?

What is a home service department? As well ask, "How old is Ann?" There are infinite varieties of Anns and similarly innumerable possibilities in home service departments. A home service department is a department of the bank which will assist the customers in solving personal and household problems of finance based upon assistance in wise spending and systematic saving. People with medium size incomes have no accredited place where they may obtain such assistance. The development of our industries depends upon the wise spending of money and the saving of surplus for investment.

To see this Hummerville as New York you must see—

1. A department worker trained in home economics, but willing to learn

*Extract from an address at a meeting of the Massachusetts Savings Bank Association.

banking terms and methods and the needs of *her* bank. In some cases bank officials have thought it would be possible to have a bank clerk trained in budget making and depend upon home economics teachers for assistance in solving the problems which prove troublesome to the clerk. Our experience has proved it is essential that the expert in charge of the work should be a practical woman trained in home economics. Every consultation requires immediate application of the principles of home economics in order to meet the needs of the people who are asking for assistance. It is possible to graft successfully a knowledge of the service which individual banks require from such a department upon home economics training and experience, but to endeavor, in a few lessons, to give a clerk, trained in banking alone, a knowledge of home economics subjects which can be applied to practical problems, is quite impossible.

2. A bureau of information where timid people may come for assistance. People hate to ask questions of a floor man. They should be helped to overcome fear of bank officials and bank formality. The gratings in the bank are a positive influence against new accounts.

3. A place first of all where financial problems either personal or household can be brought for solution. A department where personal interest is shown in the solving of each problem and follow-up work is done, but where the service is confidential and *impersonal*.

4. A department where the industries of the community can come for assistance in estimating the financial needs of their employees and receive active help in promoting savings plans, a lecturer and teacher who will talk to their people regarding problems of household management, ways of reducing money leaks and increasing savings.

5. A place where groups of depositors may be invited for discussion of all problems of household finance, ways of saving, safe investment of their surplus funds which they are now prone to with-

draw from the banks and lend to fascinating Ponzi schemes.

6. Marketing lessons which will teach wise buying of clothing, food and furnishings. In cooperation with the stores of a town or city, a series of educational meetings might be arranged which would show to groups of people the possibilities of local stores for filling their needs.

7. Lectures on food values and menu-making which would result in wise buying which would increase savings, and at the same time, help to standardize the stocks in local shops.



Walter F. Albertsen

WALTER F. ALBERTSEN, a vice-president of the Mechanics and Metals National Bank, died November 17 at the Broad Street Hospital, New York City. He suffered a cerebral hemorrhage a week before and passed away without regaining consciousness.

Mr. Albertsen was born in Pekin, Ill., forty-nine years ago and was educated at Iowa Wesleyan University, Mount Pleasant, Iowa. He was a graduate of the Law School of Georgetown University, Washington, D. C.

He had been a prominent figure in New York banking circles since 1907, when he became cashier of the newly organized National Copper Bank, of which Charles H. Sabin was president. In 1910 when the National Copper Bank was merged into the Mechanics and Metals National Bank, Mr. Albertsen was appointed cashier of the enlarged institution, becoming a vice-president in the following year.

Mr. Albertsen was a national bank examiner from 1901 to 1905. He was in charge of the district comprising the city of Washington and the state of Virginia. He also acted, in a large number of cases, as a special examiner for the treasury department, as well as receiver of insolvent banks. In 1906 he was promoted by Charles G. Dawes, comptroller of the currency, to the New York district, the most important ap-

pointment which could have been given him by the comptroller of the currency. As a bank examiner he instituted reforms in the National Bank system which are in force today.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for October 1, 1921.

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of The Bankers Magazine and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 253 Broadway, New York; editor, E. H. Youngman, 253 Broadway, New York; managing editor, E. H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, New York.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding one per cent. or more of the total amount of stock.) Bankers Publishing Co., 253 Broadway, New York; W. C. Warren, 253 Broadway, New York; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York; K. F. Warren, 253 Broadway, New York.

3. That the known bondholders, mortgagees and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is, (This information is required from daily publications only.)

J. R. DUFFIELD.

Sworn to and subscribed before me this 29th day of September, 1921.

HENRY G. FRITSCHÉ,
Notary Public.

My Commission expires March 30, 1922.

New Calculating Machine Model

THE Monroe Calculating Machine Company, having general offices in the Woolworth Building, New York, and plant in Orange, N. J., have just brought out a new model calculating machine to be made up in three sizes 12 to 20 place capacity. This wide range supplies a machine for every figuring need.

Some of the features of the new model are a light keyboard touch and easy crank turn; one-stop operating crank; removable operating crank; dial clear-out; repeat and non-repeat keys.

Every feature of the Monroe is conducive to speed with accuracy. The key touch is light and the stroke short; the crank motion is fast and smooth; the key and dial numbers are large, conveniently placed and easily read; mechanical locks eliminate errors. These with the simple, flexible two-way mechanism and visible proof mean speed with absolute accuracy.

The New Monroe is made in three sizes, 20 place, 16 place and 12 place. From this range may be selected a machine which will answer any figuring purpose. The perfect calculating and adding machine for any business, large or small.

The appearance of the New Monroe presents lines of symmetry and beauty. The machine case and the carriage case are aluminum castings handsomely designed and finished with great care, making it a very smart looking machine. The background under the keys is an enameled green which is restful to the eye.

With these three sizes, the Monroe Calculating Machine Company is in a position to render a complete calculating machine service to all classes and types of business—from the small retail merchant to the largest industrial concern. And with the outstanding improvements on the new model, Monroe users will experience greater speed and satisfaction in getting out their figure-work.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIFTH YEAR

DECEMBER 1921

VOLUME CIII, NO. 6

Hope From the Washington Conference

THE first definite proposal made by Secretary Hughes as chairman of the Conference for the Limitation of Armaments, which assembled at Washington on November 12, was essentially a plan whereby the United States, Great Britain and Japan should cease competitive naval building for at least ten years. If this proposal is adopted, it will relieve the nations concerned of a heavy burden of taxation, and should help in diminishing the war spirit so far as that spirit has been heretofore aroused and kept alive by competitive naval programs.

As to the relative naval positions of these nations there will be no great change, the *status quo* being fairly well preserved. Each nation will be prepared for naval offense and defense about as before. But the reduced cost, the reduction of taxation, and the possible lessening of the war spirit, represent immense positive benefits accruing to the world if this suggestion for reduced naval armaments is carried out.

There is, of course, something finer and of far greater value in the Washington conference than the mere saving of money which may follow the successful outcome of its deliberations. As was so well said by President Harding in his welcoming address:

"The higher hopes come of the spirit of our coming together.
* * * One hundred millions frankly want less of armament and none of war."

When the statesmen of the world get together around a conference table to discuss existing and possible international differences, they thus show by this act their faith in peaceful means of settlement instead of appealing to the sword. And so it is not too much to say that the Washington conference at least foreshadows, if faintly, a time when nations will realize that the true interest of each lies in the practice of a policy of righteousness toward one another. Perhaps it is too much to expect that the institution of just policies between nations can be predicated at present upon other than selfish grounds, for the world has not yet reached that noble conception which practices righteousness for its own sake. It may

be, however, that already the peoples of the world are groping in an increasing light for that spiritual kinship which will unite those of widely scattered regions without loosening the bonds that tie them to their home lands. Whether this be true, or only a dream incapable of realization, we can applaud the Washington proposals as the beginning of an era when less of the people's substance shall be thrown into the insatiable maw of war.



The Cost of War

AS the proposals of the Washington conference rest chiefly upon the costs of war, it will be interesting to recur to figures showing what these costs are. These figures were thus stated in a speech in the United States Senate by Senator Claude A. Swanson of Virginia, who said:

"Mr. President, the most important of all questions now awaiting world settlement is a general agreement among the great powers upon a fair and just plan of disarmament. This is necessary in order to save the people of the various countries from the heavy tax burdens which vast military expenditures impose and also to prevent a second world war, more frightful than the one just concluded, which will inevitably occur unless this mad national competition in armaments is arrested. Governmental expenditures unless greatly reduced will certainly lead to further industrial depression and distress and finally culminate in universal bankruptcy. Annual governmental expenditures have attained such an immense proportion to the yearly earnings of the people as seriously to interfere with the processes of production and to threaten the solvency of our varied indispensable enterprises. In 1910 our annual national income was estimated by the best and most accurate statisticians at \$30,000,000,000. The Federal Government collected for its purposes out of this annual increase of wealth at that time about three per cent. in taxes.

"The same authorities estimate our annual increase of wealth now at \$50,000,000,000, of which the Federal Government takes in taxes for its purposes each year ten per cent. The Federal Government thus exacts from its people more than three times as much of their annual earnings as it did ten years ago. We have increased our annual wealth in that time less than two-fold and our Federal taxes more than fivefold. Our local and state taxes have increased practically in the same proportion. Local, state and Federal taxes now consume more than one-sixth of the people's aggregate yearly earnings. This is so excessive that it ceases to be taxation and be-

comes extortion. Every business, industry and enterprise of the nation is staggering under this increased heavy burden. Agriculture, manufacture, mining, transportation, commerce and labor, all are severely suffering from these frightful governmental tax exactions. Every citizen, every enterprise, feels the blight of excessive taxation. Local, state and national expenditures must be greatly reduced if we are to escape individual and governmental bankruptcy. The mad orgy of extravagance, individual and governmental, must cease. Frugality and economy must control again or disaster awaits us.

"Mr. President, these great increases in taxes are not confined to this country, but occur in greater proportion in all parts of the world. Prior to the world war England expended in taxes nine per cent. of her earnings, now she expends twenty-two per cent.; prior to the world war France spent sixteen per cent. of her annual earnings in taxes, now she expends forty per cent.; prior to the world war Italy expended in taxes thirteen per cent. of her annual earnings, now she expends thirty per cent.; prior to the world war Germany expended in taxes eight per cent. of her annual earnings, now she expends twenty-three per cent. In these countries the tax burdens are so heavy and intolerable—absorb such a large proportion of the people's earnings—as almost to destroy the incentive to work and produce. The people cease to labor when thus forcibly deprived of the fruits of their toil.

"Mr. President, an examination of these great governmental expenditures will disclose that a vast part of it is occasioned by wars of the past and preparation for future war. Ninety-three per cent. of our Federal expenditures are for such purposes. Only seven per cent. of our expenditures are made to meet the civil functions of government. Thirty-eight per cent. of our present national revenue is expended upon our army and navy. If it were not because of expenses incurred for wars, past and contemplated, the taxes derived from cigars and tobacco would meet the ordinary expenses of the Government. Hence, but for war and fear of another war all taxes by the Federal Government could be abolished except those derived from cigars and tobacco. This gives us some conception of the frightful expense of war and the heavy burden that it always entails.

"Mr. President, we witness the amazing fact that the four great allied nations, the United States, Great Britain, France and Italy, who triumphed over Germany and her allies, destroying completely their military power, instead of reducing their military establishments to less than they were at the inception of the war, expend now in the aggregate for military purposes three times more than they did prior to the world war. The aggregate amount expended by these four nations prior to the world war for military purposes

was \$1,321,000,000. The amount now expended by these nations for this purpose—that is, preparation for future or contemplated war—is \$4,092,000,000, an increase of more than threefold. The increased expenditure for military purposes in each nation for a family of five is as follows: In the United States it has increased from \$23.10 to \$54.10; in Great Britain from \$40.80 to \$109.55; in France from \$44.20 to \$131.60; in Italy from \$14.15 to \$121.10. It should be noted that this great increase is not for past wars or other governmental expenses, but solely for present military expenditures for future wars that are apprehended. The entire governmental expenditures of these four nations in the aggregate have increased from \$3,134,000,000 prior to the war to the astounding amount now of \$19,300,000,000, an increase of more than sixfold. The people of these nations are hopelessly staggering under their heavy increased burdens.

“Mr. President, we can realize the difficult task before us for world betterment when we consider that these are the four nations that triumphed in the war and that upon their financial solvency and resources a bankrupt world is dependent for reconstruction. These dry figures vividly disclose the cause of much of the privation and destitution which affect the world. They tell the story of many wrecked enterprises, of falling prices, of unpaid debts, of scarce capital, of high rates of interest, of general business depression. We should fully realize that no relief is possible from present distressed conditions until taxes are greatly reduced, and that taxes can not be reduced until expenditures are lessened.

“Mr. President, we readily perceive one of the main causes of this greatly increased governmental expense when on examination we ascertain that last September the fourteen most important nations of the world had approximately 6,000,000 men in active military service. The French army consisted of 1,034,000 men, the British army 740,500, the Italian army 350,000, the Japanese army 300,000 the Russian army 538,000, the Polish army 450,000, the United States army 149,000, the Chinese army 1,370,000; the German army 100,000. This estimate covers only men in active service and does not include millions of trained reserves, who can be called to arms immediately. The world is an armed camp today, to a greater extent than it was previous to the world war.

“Present warfare is vastly different from former warfare. Now whole nations contend for supremacy, formerly only comparatively small armies. The Battle of Blenheim, which controlled for more than a generation the destinies of Europe, was won by Marlborough with an allied army of less than 50,000 men. Waterloo, that settled for several generations the fate of Europe, was won by Wellington and Blucher with an army of about 105,000 men. When war was waged in these times the loss was small, the expense not

so great, and the vast majority of the people did not feel its disastrous effect. Now entire nations arm for war and entire populations are either conscripted to fight in the military establishment or are employed in industries for war purposes. The loss of life and destruction of property have become so immense as to threaten with bankruptcy at the conclusion of war both victor and vanquished. Men, women and children in every phase of civilized life are seriously affected by the conditions under which war is now conducted. We have but to sum up the loss incurred and suffering endured in the late world war to force us to the conclusion that another such war would wreck nearly all the governments of the world, and practically destroy its civilization.

"Twenty-two nations, comprising nine-tenths of the world's population of one billion and a half, were engaged in the late titanic conflict; the remaining one-tenth composed of neutral nations were indirectly involved, their lives and business being seriously affected. Thus practically all mankind was drawn into the vortex of this world conflagration.

"The frightful toll of this great war to be exact was 9,980,000 men killed and 20,297,000 wounded. To this should be added 5,983,600 prisoners and missing. If we accept the usual number of dead among the prisoners and missing we would have 12,991,000 men killed. What a frightful loss by death. A careful estimate made by the World Peace Foundation places the loss of population in the world on account of this war at 50,000,000 noncombatants. How destructive modern warfare is of life can readily be ascertained when we reflect that in all wars between 1790 and 1913 the total loss was only 4,449,300. Thus modern warfare is so destructive that in four years of the late war three times as many people were killed as were in the 123 years preceding.

"The expense of modern warfare is as frightful and has increased as greatly as the death rate. Wars prior to present methods employed in their waging were comparatively inexpensive. The old method of equipping soldiers was not so expensive, and the varied implements of war were inexpensive in comparison with those now used. Prof. Ernest L. Bogart, professor of economics in the University of Illinois, puts the total cost of the late war to all belligerents at \$208,305,000,000. If to this is added the vast destruction of property by the contending armies, the great debts incurred by the nations and which have not been paid, the vast expenditures for military purposes since the armistice was signed, future pensions to be paid, and the loss occasioned by business depression following the war, it may be safely said that the world sacrificed in this war nearly one-half its aggregate wealth. Thus one-half of what was accumulated by the industry and thrift of the people of the world was expended in four years of armed conflict.

"The late war cost the United States \$32,080,000,000. All our wars prior to this one, the Revolutionary War, the War of 1812, the Mexican War, the Civil War, and the Spanish-American War, only cost us \$5,843,000,000. Thus in eighteen months we expended in war five times as much as was expended in all wars since we were a colony of Great Britain. We have expended for all purposes since this Government was founded to the time we entered the late war only \$27,000,000,000. Thus in eighteen months in order to bring the late war to a successful conclusion the United States expended \$5,000,000,000 more than it expended in the 128 years of its previous existence. The expenses of the other participants were equally as great. The loss of life and property in this war exceeded those of all wars since the beginning of recording of history."

That the nations of the world must give attention to the frightful cost of war, was thus stated by President Harding in his address of welcome on the assembling of the Washington conference:

"It is not to be challenged that government fails when the excess of its cost robs the people of the way to happiness and the opportunity to achieve. If the finer sentiments were not urging, the cold, hard facts of excessive cost and the eloquence of economics would urge to reduce our armaments. If the concept of a better order does not appeal, then let us ponder the burden and the blight of continued competition."

In the past nations have not been debarred from fighting either on account of cost or the threat of destruction to their civilization. The most warlike nation today is bankrupt and its civilization greatly weakened. It may be hoped, however, that the more intelligent nations desire to preserve their solvency and their institutions. How can they do so unless they give heed to the solemn admonitions of the latest and costliest war?



Resumption of Interest Payments on the British Debt

ACCORDING to an announcement made in the House of Commons on November 9, Great Britain has arranged to begin paying the debt owed to the United States at the rate of £50,000,000 yearly. In making this announcement Sir Robert Horne, the Chancellor of the Exchequer, said:

"I hope this remark about the debt we owe America will not be made the occasion for any discussion of the inter-Allied indebtedness. It does not conduce to the friendliness of the feeling between America and ourselves to discuss that matter at all at present. Any

careful reader of the American press would discover how much harm already has been done by that discussion.

"Our attitude in regard to our debt must be that what we owe we shall always be prepared to pay, and that we shall meet our obligations however hard and difficult the circumstances may be."

The statement made by the British Chancellor of the Exchequer in regard to the harmful results of discussing Allied indebtedness probably applied to some intemperate expressions of opinion that have been made in regard to the matter on this side of the Atlantic. Certainly no harm can follow candid and sympathetic discussion of this very troublesome problem.

There seems to have been for some time a lack of understanding in Europe regarding the American attitude toward these accumulated debts. Because some prominent American financiers generously proposed that these debts be cancelled, it was at once too generally understood in European quarters that these kindly expressions represented the sum of American opinion, which is quite wide of the truth. It only adds to the prevailing uncertainty, and creates a condition from which a rude awakening must ultimately ensue, to allow these impressions longer to prevail.

The sooner it is understood that the United States expects these debts to be paid, and that Europe must ultimately arrange its finances to meet this expectation, the better it will be all round.

In saying this it is not intended to represent that the United States means to be at all harsh in requiring the payment of the Allied debts; but the statement is made merely in order to dispel a feeling too widely prevalent that in some way these debts would be forgiven altogether or at least greatly reduced in their totals.

Very likely the declaration of intention to pay interest on the British debt, which of course means that finally the debt itself will be taken care of, will tend more to the benefit of British and European credit in general than it will prove helpful in any way to the United States.

The statement has been repeatedly made in these pages that the uncertainty about the Allied debts was one of the factors greatly militating against an early restoration of European credit. So long as the fear of indefinite postponement of the payment of these debts or of their possible cancellation hung over the money market, it was futile to expect that private credit could be re-established.

The faith of the financial and mercantile world in the sanctity of a British obligation has lain at the very foundation of the world's credit, and so long as this faith was being threatened, all lesser terms of credit necessarily must suffer. Happily, this danger has been removed by the announcement of an intention on the part of Great Britain to provide for its maturing obligations.

The disclaimer of benefits from this policy on the part of the United States can with difficulty be accepted as genuine among the nations owing money to this country. Probably, however, they will benefit more by restoring their credit than we shall by receiving the amounts they owe us. Unfortunately, the fact that the United States intends to insist on these payments being made does not tend to bring us good-will on the part of our debtors, but rather the contrary. In addition to this unpleasant feature of the matter, the method of receiving payment of the debts is far from being clear. Should the payments be made in money, this will tend to increase our already plethoric stock of gold with possibilities of inflation; and, on the other hand, it will weaken the European currencies, and thus make it more difficult for the European nations to buy American goods. If the payments are to be made in goods, this will prove a source of embarrassment to the Administration at Washington, which seems bent upon keeping European goods out of the American market in so far as possible.

It is believed, however, that all the foregoing disadvantages arising from the payment of the inter-Allied debts will be more than counteracted by the tonic effect of this policy on the general credit situation. It seems to mark a definite turning point in international finance. Heretofore business has been proceeding upon the doubtful basis created by the uncertainty as to whether these debts were to be paid or not. From this time forward, such uncertainty will tend to disappear, for although the announcement that Great Britain will pay its debts does not necessarily mean that similar action will be taken by the other European governments, it may well be imagined that to the extent possible they will endeavor to imitate this policy, especially when they recognize that only in this way can their public and private credit be restored.

It would be a fortunate outcome of this situation if some way could be found to invest these payments on account of Allied debts as they are made in other European obligations or in the better class of productive enterprises in the respective countries. In this way a real service could be rendered to the people of Europe, and we should also show that in requiring payment it was not our intention to in any way impoverish our debtors. The investment of so much American capital abroad would, for the time being at least, also tend to render unnecessary the heavy exportation of European products in payment of the debts. This solution is less easy than it otherwise would be, because the indebtedness is not to the bankers or to the manufacturers and merchants of the United States, but to the United States Treasury. The Government cannot, of course, embark in European business enterprises.

The hope may be entertained that, under authority shortly to be granted by Congress, the Allied debt problem will be worked

out in a manner entirely satisfactory to the people of the United States and agreeable to the European nations indebted to this country.

The good effects of the action of the British Government in arranging to make payments on the debt owing to the United States should be immediate.



The Allied Debts to the United States

IN remitting to a commission to be appointed by the President the settlement of the obligations owing by various foreign countries to the United States, provision has been made that these debts shall not be cancelled. This would seem to set at rest some of the persistent rumors to the effect that these debts are to be forgiven by the United States. Henceforward the European countries indebted to the United States will have to base their fiscal policies upon the assumption that these debts must be paid. This decision, while on the face of it somewhat unsympathetic, will perhaps go very far toward restoring the shattered credit of the debtor nations provided they will accept this policy and act upon it in good faith.

Undoubtedly the best thing to do with a debt is to pay it in strict accordance with its tenor, and to do this as nearly as circumstances will permit. The talk of cancellation of these debts has already done much harm in impairing faith in European credits, and very likely if the nations will now go ahead on the assumption that they will be required to pay, and as speedily as possible make provision for the required payments, the restoration of confidence thus brought about will go far toward mitigating the hardship which the policy of debt payment itself entails.

Of course, in requiring that these debts all must ultimately be paid in full, it is not the intention of the American Government to insist on any harsh terms with regard to the time or method of such payments. The countries indebted to the United States will be given every possible accommodation to ease the discharge of their financial burdens.

The inability of the debtor nations to meet their obligations to the United States has perhaps been greatly over-stressed. All these nations possess such great actual and potential wealth that it is idle to claim that they cannot pay their debts, if once they seriously address their minds to this problem.

It may be that the reduction of military and naval establishments consequent upon the deliberations of the Disarmament Conference at Washington will bring about such economies that the amounts thus saved may be applied to the reduction of the Allied

debts without any inconvenience to the countries concerned, and they may even have considerable sums left over to apply to other purposes.

An almost magical effect would be produced upon the credit of the world if it were known that the Allied countries and all other countries in arrears on their foreign debts had resolved upon a policy of retrenchment in domestic expenditures, with a view to meeting these obligations. If countries like Russia and Mexico would join in indicating their willingness to pay their debts, the beneficial effects of such a course would be almost incalculable. There is some ground for believing that both these countries may take this course.

By insisting on a policy of strict payment of the European obligations to the United States, Congress has probably conferred a great benefit upon these countries. It would certainly be discouraging at this time if the bankers who are being called on continually to make further foreign credits should be confronted by the possibility of having those credits either scaled down or cancelled; and by its action Congress has done much to discountenance any proposals of this character.

The best way to conserve individual credit is to keep faith in meeting obligations already contracted. This rule applies to nations as well as to individuals. In saying this, there is no intention to reflect in any way on the good faith of the nations indebted to the United States, nor is there any lack of sympathetic understanding of the difficulties under which these countries are now laboring. It is believed, however, that they will be really helped in the solution of these difficulties by facing the fact that the debts they owe already are to be paid, rather than to be cancelled or scaled down.

The thing of most importance, both to Europe and the United States, is to bring about as speedily as possible a restoration of confidence. Little could be hoped for in this direction so long as there hung over the situation the threat of debt cancellation. With this cloud cleared away, and with the European nations following a course which contemplates the payment of all their obligations as rapidly as circumstances will permit, the international credit situation should show gradual improvement.



A National Illusion

WHILE we are so near the celebration of Armistice Day, marking the third anniversary of the conclusion of the great war, and with the Disarmament Conference in session at Washington, it is timely to examine the basis upon which rest our future hopes for the peace of the world.

Undoubtedly the people of all countries that have suffered on account of the late war are eagerly seeking to do all they can to prevent a recurrence of a like catastrophe. They are sickened by the terrible loss of life, by the millions blinded and maimed, by the enormous waste of capital, by the heavy and almost unbearable burden of taxation which the struggle imposed upon them, and by the widespread confusion in finance and industry. If some simple formula could be devised which would insure against a return of such disasters, the people would readily adopt it.

The fact that the history of the world all along the cycles of the centuries is sprinkled with accounts of futile international conferences offers but little ground for hope that the Washington meeting will be essentially different in its outcome from its predecessors. This is not to say that it may not have quite important and enduring results. Every peaceful meeting of the statesmen of the leading countries of the world cannot fail to help in forwarding to some extent a movement for the settlement of international difficulties by other than warlike methods. When men agree to meet and talk over their difficulties, it may generally be taken as a foregone conclusion that this indicates an unwillingness to resort to war as a means of settling disputes.

The fact that the ceremony incident to the interment of the unknown soldier at Washington coincided with the date of the opening of the Disarmament Conference is of great significance. At almost the very hour of the assembling of an international conference looking toward disarmament, the whole nation paused to give honor to the body of an unknown soldier.

Are we deluding ourselves into the belief that both these events are alike in character? We justly have paid supreme honor to those who recently gave their lives in the defense of the Republic; and yet, almost coincidentally with rendering these honors, we turn with fully equal deference to applaud those who are engaged in a search for a means of settling disputes by other than warlike means.

If the Washington conference should initiate a policy which will eventually bring about universal disarmament, possibly its principal figures may in time receive equal homage to the unknown soldier whose body was lately laid at rest in Arlington.

At present the world's greatest monuments are built to military heroes. In London you will see the monuments of Nelson and Wellington loftily soaring above those of statesmen like Pitt, Gladstone and Disraeli. In Paris, although Napoleon has been dead for one hundred years, no tomb is daily visited by greater throngs. Even in our own country, two of the most imposing monuments are those of Washington and Grant.

In pointing out that it is the tendency of the world to pay the supreme honors to its departed military chieftains, no purpose ex-

ists to criticise this tendency of mankind. The citizen who offers his life to his country lays upon its altar the costliest possible sacrifice. It is entirely fitting that upon him the highest honors of the Republic should be bestowed. We not only honor the dead soldier's service by commemorating his deeds in marble and bronze, but endeavor to reward the living by pensions, bounties and numerous special legislative favors.

The nation applauds this disposition as being entirely proper, and as only a partial recognition of the great services rendered by those who have offered their lives to their country.

So long as this disposition exists, however—and it is difficult to foresee a time when it will be changed—the process of transforming the public mind into a condition receptive to world-wide peace will proceed but slowly.

It would probably be both harsh and unjust to characterize the Washington Disarmament Conference as insincere, and yet it is not at all easy to reconcile its purposes with the display of devotion to military services which have been coincident with its assembling.

When Marshal Foch travelled over the United States recently, he made the observation that he saw soldiers everywhere. Someone reminded him that this did not mean that the United States was a military nation. In response to this observation the Marshal only smiled. He could not well do anything else.

Notwithstanding the fact that a celebrated Detroit manufacturer of automobiles has recently advised us that history is "bunk", we cannot as yet safely totally disregard its admonitions. These remind us that no expenditure in lives or money, however vast, has long prevented any nation from going to war, either for the purpose of realizing its military ambitions or in defense of its rights. If we are to judge by this experience and the reverence which the people still pay to military glory, we cannot escape the conclusion that in the future, as in the past, nations will resort to war when they find no other means of settling their differences.



Informative Bank Advertising

WIDESPREAD attention has been bestowed upon a series of bank advertisements published in the New York newspapers in recent months by the National City Bank of New York, and deservedly so. These announcements, which occupied a full page in the newspapers for several days, were not devoted to singing the praises of the institution in question, but were almost wholly given over to information about banking in general.

The ordinary bank advertisement seems to proceed upon the

theory that the people already know everything about banking and that all the bank has to do is to call attention to its own superior strength or better facilities for doing business than are possessed by its competitors.

It is probably true that despite the fact that we have some 30,000 banks in this country, and that banking facilities are in more general use here than elsewhere in the world, our people really know very little of the actual services which banks perform in carrying on the industrial and commercial operations of the country. If this opinion is correct, there is no better form of bank advertising than that which tells the people in a plain and simple way just what the banks are doing, for such advertising will powerfully tend to create good-will, than which there is no more valuable asset a bank can gain.

One of the commonest fallacies about banks has been the persistent belief that banks gather up the funds of individual depositors and employ them in carrying out speculative or other enterprises in which the banks are directly concerned. Nothing could be further from the truth, since well managed banks are rarely ever direct participants in enterprise and speculation on their own account. They do gather up the funds of the community, but these funds are in major part employed quite largely by the persons furnishing them in carrying on local manufacturing and commercial enterprises. Banks not only use these funds more skillfully than they could be employed if left in the hands of their possessors, but by their aggregation in the banks their productive power is considerably increased.

Even if the people of the United States were well informed as to the domestic functions which the banks are rendering, they have lacked understanding of the services of the larger banks in carrying on international financial and trade operations. That this is true may be inferred from the frequent criticisms launched against the banks for transactions of this character.

In debates in Congress one often encounters the expression of opinion on the part of some Senator or Representative to the effect that our banking funds ought to be kept at home. This view loses sight of the fact that in meeting foreign financial requirements the banks may be taking the most effective measures for fostering our domestic industry and commerce. For confirmation of this statement we have only to recur to the almost universal collapse of business which followed the abrupt shrinkage in our foreign trade that began some months ago.

That form of bank advertising which seeks to diffuse among the people a better knowledge of the functions of banks gets right down to fundamentals. It seeks to establish a feeling of friendship for the banks based upon a thorough comprehension of the extensive

and valuable services which they are rendering to the community at large. It furthermore aims to establish that feeling of confidence in the banks which is essential to their highest efficiency, and which, unfortunately, is still lacking to a considerable extent. The amount of money hoarded in private hands or entrusted entirely to the Postal Savings Banks witnesses the truth of this statement.

Advertising of the character referred to, of course, goes beyond furnishing information in a general way as to the services of banks, and brings home to the individual business man the facilities which the banks place at his disposal.

There has been some question as to whether or not educational bank advertising could be carried on by individual banks, or whether it would not better be undertaken by co-operation, either among the banks of the country at large or those of some particular community. Campaigns of this character have been carried on in some cities, and apparently with good results. Very likely it would prove quite as profitable in the long run if banks would discard much of their stereotyped form of advertising and employ at least a portion of the space used in newspapers and periodicals in constantly keeping before the public mind the general services which banks are offering.

The day has gone by when a bank advertisement that really amounts to anything conveys no further information than the name of the bank in prominent type, the capital and surplus and a list of officers. Such advertising contains no message whatever, and is of little or no value except as a kind of guide-post indicating the name and location of the bank. This style of advertising has almost gone out of fashion in the United States, though it still obtains in some countries where little attention has apparently been given to the subject of effective banking publicity.

By devoting so much valuable space to educational bank advertising, the National City Bank of New York has set an example which it is hoped will be widely imitated.



The Averted Railway Strike

A GREAT sigh of relief went up throughout the country when the danger of a nation-wide railway strike was averted. The fact that the threatened strike did not materialize seems to have been due to failure to receive any great degree of popular support for such drastic action.

The country is slowly emerging from the very trying conditions following the conclusion of the war, and with large numbers of men already out of employment the proposal to still further distress busi-

ness and add to the unemployment by means of a general railway strike did not impress the public very favorably. Probably the railway workers would have gained greater sympathy for their cause had they been able to show clearly that the existing rate of wages is insufficient.

While the country is to be congratulated on having escaped the trying experience which a general strike would inevitably have brought about, it is doubtful whether or not the calling off of the strike really represents a permanent solution of the railway problem.

The proposal recently made to unite the functions of the Railway Labor Board with those of the Interstate Commerce Commission indicates a recognition of the fact that freight and transportation rates are inextricably bound up with the question of wages. Recent experience has shown that it is utterly impracticable to advance rates to a point greater than the traffic will bear. When this experiment was tried it was found that passenger and freight traffic fell off to such an extent as to make the payment of the high wages wholly impossible.

As the wages paid to railway labor constitute such an important factor in the cost of freight and passenger traffic, it is probable that hereafter the movement of rates and wages may show considerable accord.

The proposal to unite the functions of the two boards mentioned would seem to indicate that in the future a policy is to be followed of accommodating rates to the wages paid.

Our railway problem is an old story, but nevertheless of great importance since the effective functioning of the railways of the country affects business interests of every sort and the very lives of the people. It is, therefore, of the very greatest importance that as speedily as possibly we shall come to some just and reasonably definite settlement of the problem, so that the country may not be periodically confronted by the dangers of a great railway strike, such as we have just fortunately escaped.

Those employed in this great industry ought to receive adequate compensation, and be permitted to work under conditions which would render their service most efficient to the public without putting unreasonable strain upon the individuals employed in those branches of the railway industry which are most exacting. If the rates of wages which the railway employees demand are unreasonable, this fact should be established by the investigation of the Railway Board, and unreasonable demands ought to be eventually resisted. On the other hand, if the rate of wages paid to railway employees is not just, this fact should be established by the same authority, and the payment of a sufficient wage insisted on. These statements are quite trite and commonplace, and yet they represent some

fundamentals to the continuance of peaceful relations in this great industry.

If we are to have continued corporate ownership and operation of railways, and are not to turn the railways over to the Government, some means must be found for assuring the railways a reasonable return on such amounts of capital as fairly represent the value of these concerns. Capital cannot be obtained from private investors unless there is a reasonable assurance of such return. If it were possible to get back from the public in the shape of freight and passenger revenues a sufficient amount to satisfy even the highest demands for labor, and to assure this reasonable return to capital, the railway problem would be greatly simplified; but, as we have lately seen by experience, if rates are advanced beyond a certain point traffic tends to decline, so that neither the wages which labor demands nor the returns which capital expects can be obtained by advancing rates, at least not beyond a certain point.

Probably no small part of our railway difficulties has been due to the fact that too much consideration has been given to political influence by the large number of railway employees rather than to economic principles which in the end must govern the railways as they do the other great industrial concerns of the country.

We are finding out by experience, however, that the railway business cannot be conducted on the basis of consideration shown to the employees from a political standpoint. This might be possible if the railways were owned by the Government and the deficit in their revenues could be made up through taxation; but so long as the railways are in the hands of corporate owners, they are not exempt from the rules governing the conduct of other forms of business enterprise. In some of our railway legislation we seem to have ignored this very simple fact.

The fact that public opinion was almost universally opposed to the recently threatened strike may be taken to indicate that the people did not wish to see the railroads turned over to Government ownership and operation, but that they wished a policy maintained which will make it possible for the railways of the country to render that high degree of service to the business community, which, in former times, has made our railways the admiration of the world.



Default on the Chinese Loan

THE announcement made on November 1 that the Chinese Republic would be unable to pay either the interest or the principal of the \$5,500,000 loan maturing on that date, adds another to the long list of foreign government loans due to this country and now in default.

In the Chinese case the loan was due to an American bank, and not to the American Government as is the case with most of the other foreign loans now overdue.

This failure of China to meet its obligations still further impairs the credit of that country, and also operates to diminish faith in loans to other foreign countries.

The difficulties in China are not only of an economic character but are complicated by a very unsatisfactory political situation. The country is divided into two warring factions, and a large part of the territory is given over to the exactions of military governors. In the face of this unsatisfactory situation, however, the consortium of bankers recently formed stood ready to make an advance to the Peking Government to meet the loan in question, but the terms offered were not acceptable. The Department of State has made vigorous representations in the matter to the Chinese Government and it is not unlikely that these will prove effectual. The loan is for a comparatively small amount, and since the aggregate indebtedness of China is not of so serious a character as to be beyond the powers of the country to meet, it is very likely that this loan will soon be paid off.

American banks are receiving a great deal of advice at this time as to their duties in making foreign loans, but in the face of many unfortunate essays in this direction it is not easy for the banks of the United States to see just why they are under any obligation to continue making loans and run the risk of their non-payment.

The first duty of a bank is to its own stockholders, who have embarked their capital in the banking enterprise. If a bank may be accounted as a public servant in the immediate community where it is located, this does not imply any obligation to become a servant of the world at large. It may be said that the bank's obligation to stockholders is second to that sustained toward depositors. It will be found upon careful examination of the nature of a bank, however, that if a bank looks out for the interest of its stockholders the depositors will never suffer, since losses must fall upon shareholders before depositors lose anything.

Unless, however, the bank narrowly watches the interest of its stockholders, and does not place the capital and surplus of the institution in jeopardy, the depositors are almost certain to suffer.

With political and economic conditions so much upset as they are throughout the world today, it is difficult to see upon what ground a liberal policy in the matter of foreign loans can be urged.

It is not really the chief function of a bank to make advances purely with the object of promoting trade, irrespective of whether or not that trade is being conducted on a sound basis. The bank does help immensely in facilitating the operations of domestic and

foreign trade, but can only do so provided all the conditions incident to these operations are devoid of any risks that would make it possible for the bank to incur substantial losses.

The world is not suffering today nearly so much from indisposition of the banks to make loans to foreign governments or to finance foreign trade as it is from the unstable economic and political conditions which make this service too hazardous.

Much of the criticism which has been leveled against American bankers and financiers for their alleged hesitancy in living up to their obligations with regard to making foreign loans, might well be addressed to the governments and individuals that have already received liberal loans from America, but have neglected to make payment of these obligations in accordance with their terms.

If proper security were given for these loans, and especially if a good record had been made in the payment of obligations already incurred, American banks and financial houses would be only too eager to enter into foreign financing on a scale commensurate with the credit needs of the world.

It is an age-long principle of finance that capital flows to those parts of the world where it can be most safely and profitably employed, and this rule still holds good; but where it is found in practice that neither principal nor interest can be collected on loans already made, it is difficult to see how the bankers of this country can be expected to continue to make foreign loans so long as this unfortunate situation continues.



Extension of National Bank Charters

CONGRESS has recently been considering a bill for the extension of the charters of a number of national banks which will expire before the end of the present year. It has been proposed in this new legislation that the old requirement by which banks extending their charters were compelled to have new plates engraved for their circulating notes be discontinued.

The first Currency Act creating the National Banking System, which became a law February 25, 1863, contained a provision that the corporate existence or succession of each bank should be for the period mentioned in its articles of association, but not exceeding twenty years from the date of the act. The Act of June 3, 1864, which superseded the Act of February 25, 1863, and Section 5136 of the Revised Statutes, provided that the banks organized under those acts should have a corporate existence for twenty years from the date of their organization certificate.

It will be seen that the banks were originally chartered for a

term of twenty years, and by the Act of July 12, 1882, a further extension of the charters for twenty years was authorized. Again in April, 1902, an act was passed providing for a further extension of twenty years under the limitations laid down in the Act of 1882. The provision requiring that new plates be engraved for the circulating notes of banks extending their charters, therefore, remains in force.

If Congress shall now approve the amendment proposed in regard to this provision, it will relieve the banks of a considerable expense which at present apparently serves no good purpose.

In placing a limitation of twenty years upon the existence of a national bank, Congress doubtless was animated by the prejudice against granting charters in perpetuity to banking institutions.

In the many years in which the national banks have been in existence their usefulness to the community has been so clearly demonstrated and their lack of harmful possibilities so well established that Congress would be entirely justified in removing this limitation.

If the banks were required to go into liquidation on the expiration of their charters it would involve them in considerable unnecessary expense, and might prove quite a serious matter from a business standpoint.

According to Knox's "History of Banking in the United States," the Attorney-General of the United States on February 23, 1882, rendered an opinion to the effect that the National Banking Act did not prevent the stockholders of a national bank, the corporate existence of which has expired, from organizing a new association with the same name. It is also stated in connection with this ruling that there was nothing in the banking laws to prevent an expiring national association from being converted into a state bank, which subsequently could be reconverted into a national bank with the name of the expiring national association; but even if it were possible for a national bank by taking this roundabout procedure to preserve its original title, the process would occupy considerable time, and would hardly be consistent with the dignity supposed to attach to the conduct of a bank.

If all national banks were chartered on the same date, and therefore reaching the limits of their corporate existence at the same time, it would give Congress a good opportunity each twenty years to bring under review the whole matter of chartering national banks and the laws applicable to these institutions. But inasmuch as these charters are granted from time to time, their expiration taking place on different dates, according to the time of taking out the charters, it is not possible to have the renewal of the lives of all the banks up for consideration at the same time.

So long as the national banks remain the beneficent institutions

they have proven to be during the last fifty or sixty years, Congress may be relied on to grant a renewal of charters as they expire without attaching onerous conditions to this new lease of life. Conceivably, of course, the banks might alter their policies in a manner that would engender political hostility to an extent that would cause Congress to refuse to provide for the renewal of expiring charters, although this is not at all likely. It is not altogether improbable, however, that if charters were granted in perpetuity, and a radical political party should come into power, the perpetual nature of the charters might prove a safeguard against hostile legislation. Doubtless, however, if Congress should ever make up its mind to end the National Banking System, it could find a way to do this even though the charters of the banks were perpetual.

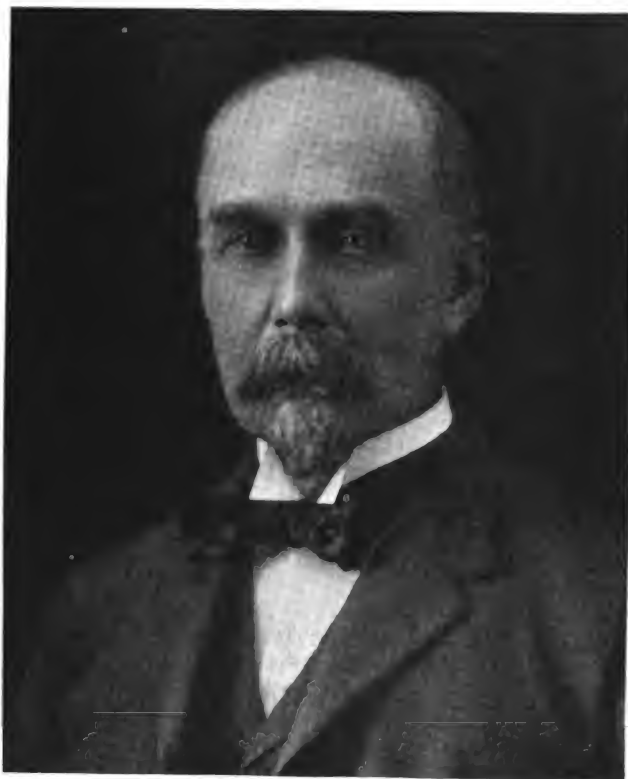
The theory that the charter of the banks furnished a vested interest which Congress could not easily disturb, received a severe jar when the Federal Reserve System came into existence.

All the requirements of the situation could be met if it were possible to grant to national banks charters without any specified term of years, the existence of the bank to continue until the institution either went into voluntary liquidation, or was closed under authority of the Comptroller's Bureau.

If charters were granted without regard to time the banks, in the absence of their business being closed up in either of the two ways mentioned, would continue so long as the National Banking Act remained unrepealed. This would give to the banks all the advantages accruing from the use of their original title, and would, at the same time, make it possible for them to discontinue their existence at will, and would furthermore give to Congress full power of terminating the existence of all national banks should this be considered necessary as a matter of public policy. Under existing circumstances, a contingency of this character seems altogether improbable, but no one not having the gift of clairvoyance can determine what may be the temper of the public mind with regard to banking in future years.

The best guaranty of the continued existence of the national banks will be found in the continuance of the high degree of service they are now rendering to the public. So long as they maintain their present usefulness, no fear need be entertained that Congress will be disposed to put an end to a banking system that has aided so powerfully in building up the industries and commerce of the United States, and that has been such an important factor in furthering the general prosperity of the people.





A. BARTON HEPBURN

Chairman of the Advisory Board Chase National Bank,
New York

IN 1898 Mr. Hepburn, a former Bank Superintendent of New York State and former Comptroller of the Currency became president of the Chase National Bank. Prior to that time he had been respectively president of the Third National Bank and a vice-president of the National City Bank, New York. He was president of the Chase National Bank until 1911, when he became chairman of the board of directors and in 1917 chairman of the advisory board.

Mr. Hepburn was born in New York State and is a graduate of Middlebury College. He received the degree of Doctor of Laws from several universities, and practiced law in Colton, N. Y., for a time.

Banks as Financial Educators

By T. D. MacGregor

LIKE many another institution the development of which has proceeded over centuries, banking has advanced far beyond its original function. While not primarily altruistic in its intent, the modern bank has become so in effect because in helping itself it necessarily helps others. So it has come about that the banking or fiduciary organization as we know it today—especially in the United States—is to a certain extent an educational as well as a financial institution.

"A nation of economic illiterates" was the none too soft impeachment recently brought against the American people by one of our leading authorities in financial matters. This in spite of Edmund Burke's well known statement to the effect that he did not know the method of drawing up an indictment against a whole people. But the financier quoted—Frank A. Vanderlip—has enjoyed unusual opportunities for observation, so that when he speaks concerning our popular ignorance in such matters undoubtedly his words are amply warranted by the facts.

Perhaps it is worth while, however, to consider how much more crass might be our ignorance on economic subjects were it not for the mass of useful information which is constantly being issued in printed form and widely distributed by the banks, trust companies and investment houses of the United States. It is apparent that these institutions, through the timely, oftentimes scholarly matter they put forth in the various publications, are an important factor in the economic and financial education of our people. This is true not only of the larger metropolitan institutions, but it also applies to the thousands of smaller city and country banks making regular use of a variety of advertising mediums in their efforts to reach the public and increase their business.

That there is need for greater popular knowledge along financial lines is

evident from such true incidents as that of the Chicago professor who changed his account from a national bank (which of necessity is a member of the Federal Reserve System) to a trust company which advertised the fact of its membership in that system, because as he said, he had made up his mind "that the Federal System is better than the National System." Member banks have advertised and explained the Federal Reserve System far more effectively than the government itself has been able to do. This Chicago professor simply had not come within range of the "follow-up" of any bank, which had put out a booklet explanatory of the Federal Reserve System.

It is not my intention to attempt to disprove the statement that we are a nation of economic illiterates, but rather, admitting its truth, to point out how the financial institutions of the country seem to be vying with one another in the effort to remove from us the stigma of economic illiteracy. Perhaps it is not necessary to go into the matter of motives. If in doing this work the banks are advertising themselves and increasing their own deposits and business, nevertheless the fact remains that they are in reality performing a valuable educational work, the benefits of which will be more apparent as time goes on. No one familiar with American banking can hold the belief that a bank seldom offers service without hope of reward or that it never takes part in any movement from purely unselfish and patriotic actives, because there are many examples to the contrary.

Economic fallacies are being let loose on the American public today. They range all the way from paternalism to syndicalism. In some sections about the only teaching of economics seems to be that done by false prophets and disturbers. Consequently the progressive banker, knowing that he stands for the established order of things and that

there is a certain *noblesse oblige* about his calling, believes that he must become a center of influence for the dissemination of sound facts in regard to our economic life, and he is acting upon that belief in season and out of season.

Today when certain dissatisfied elements in our population are wont to foregather and vent their displeasure in sundry caves of Adullam, and there are sporadic vaporings of ignorance and discontent in the market place, the American banker, traditionally representing the conservative factors in the community, seems to have a clear vision of his responsibility. He is endeavoring to think with and for the public and be a leader for the general welfare, striving to combat radicalism and unrest just as he endeavors to prevent waste from misguided finance. He believes that the man who has some stake in the community because he owns a bank account, a home or a business is the best type of citizen for our democracy. This belief is held by our bankers collectively as well as individually.

About eight years ago, even before the high cost of living had begun to make itself felt oppressively, the savings bank section of the American Bankers Association inaugurated a campaign to help educate the public on the advantages of thrift. "Talks on Thrift"—almost a second "Poor Richard's Almanac"—were sent out for weekly publication in a large number of newspapers as editorial matter. This work was continued for several years and the material in those articles was afterwards collected and republished as "The Book of Thrift," which has become more or less of a textbook on the subject. Undoubtedly this educational campaign by the savings banks collectively helped prepare the public mind for the thrift and investment messages which the government issued a little later in its Liberty bond and War Savings Stamp campaigns, and it contributed to the success of those efforts which not only helped to finance our share of the war but also added materially to the aggregate of our national thrift, thus, in turn, increasing our per capita wealth.

INTERESTING BOOKS OF INFORMATION

We have prepared for our customers a series of booklets that deal in an interesting and novel way with actual facts, the making and managing of money and the eventual leaving of it. We shall be pleased to send you any or all of the following publications:

The Animal Thrift Book	Every Man's Income Tax
Thrift After Mother Goose	The Trust Company—What it is—What it does
American Trade Marks Abroad	The First Step
Conditions Confronting Us	Property Descent—By the law of Illinois or by your Will
Federal Income and War Tax Guide	A new method for the Care and Control of Securities
Organization and Service	
Europe Made Over	

Trust Services
Care of Securities
Trusteeship of Property
Administration of Estates

The CONTINENTAL and COMMERCIAL BANKS CHICAGO

Complete Banking Service
Over \$55,000,000 Invested Capital

This advertisement of one bank gives a list of the booklets published to help educate the public in economic subjects

In this post-bellum period of reconstruction, another branch of the American Bankers Association—the trust company section, made up of most of the trust companies of the country—has launched forth on a cooperative advertising campaign, using full pages every month in several of the general magazines having what advertising men call "a high grade circulation." The object of this effort is to add to the general information on the subject of the service rendered by trust companies, and especially to induce men and women who have not yet done so, to make their wills and name a trust company as executor. Incidentally it is helping to take the trust company candle from under its bushel and set it upon a candlestick to lighten the whole house of popular ignorance on fiduciary matters.

Fortified by such precedents, the savings banks association of the state of New York likewise has undertaken a

cooperative campaign of publicity and is publishing in the newspapers of the empire state a series of advertisements rich in "human interest" and in historical and allegorical lore, both sacred and profane, running the whole gamut of thrift from Joseph in the Land of Egypt to "Poor Richard's Almanac" and other "wise saws and modern instances." The rationale of this thrift propaganda is the fact that each new generation must be educated over again on this subject as on every other. Joseph may give a whole nation a fourteen year object lesson in the importance of laying by something in the fat years against the coming of the lean ones, but inevitably a new generation arises "which knew not Joseph," and so the need for such economic education is a continuing one.

Another phase of what might be called this beneficent propaganda of the banks has to do with the reintroduction of the trade acceptance method of commercial credit. The word "reintroduction" is used advisedly because many years ago this form of draft arising out of the sale of merchandise was quite commonly used in this country. A trade acceptance is a note drawn by the seller of goods in the form of a draft upon the purchaser. The purchaser signs this note upon its face, agreeing to pay at the expiration of a certain number of days at a specific place, thereby "accepting" the obligation. The financial disturbance caused by the Civil War, together with the risk and uncertainty attending the granting of long commercial credits led to the introduction of large discounts to insure prompt settlements in cash, and gradually the open book account with the cash discounts came into general use. In practice this resulted in some cases in the seller financing the buyer, and manufacturers, wholesalers and jobbers became, in effect, bankers.

Contrast this with the trade acceptance plan which experience has shown makes for more business, better customers, fairer prices, surer collections, improved accounting, larger profits, smaller losses and less friction—in

short, a more thrifty use of business capital. Bankers believe that the general use of the trade acceptance will make our method of granting commercial credit equal in efficiency to that which has been in use for over a century in those countries with which the United States must compete in the world's markets.

About the time that the United States entered the world war, a campaign of popular education regarding trade and bank acceptances was started by some of the leading American banks and bankers. The impelling motive was to do something quickly to protect the structure of our national credit which some thought might be threatened. The importance of liquid resources at such a time was fully realized and those financiers believed that the trade acceptance, while not a panacea, was at least a remedy that could be depended upon to relieve the situation and to work for the permanent prosperity of American business. That progress has been made as a result of this phase of the bankers' economic educational work is apparent from the fact that the American Acceptance Council last December, after thorough investigation, reported that the trade acceptance was being used by approximately 20,000 business concerns in this country, that results almost invariably have been satisfactory, and that the method has become firmly established.

One of the leaders in the trade acceptance propaganda has been a large national bank in New York, but that institution has not confined its efforts to that one subject by any means, as it has issued many pamphlets in the past year or two "as a contribution to public thought upon questions relating to national prosperity." Among the subjects treated have been these: "American Banking in Foreign Trade," "The Efficiency of War and Peace," "Government Loans and Inflation," "Broadening the Vision of the American Business Man," "Industrial Issues of the Times," "Some Factors in American Prosperity," "Federal Reserve Act With Regulations," "Practical Ques-

tions—Federal Tax Laws and State Income Tax," "Industrial and Economic Unrest of Today," "Cooperation With the Farmer Needed to Steady the Nation's Business," "The Problem of Prices," "Railroads and Shippers—and Their Common Problems."

Many other banking institutions in New York and other American cities likewise are issuing booklets on these same subjects and similar ones. Some of the booklets put out by the banks are quite pretentious, fully worthy of being called books. For example, I have before me a copy of "The Foreign Exchange Problem," by the vice-president of an active metropolitan trust company, and published by that institution. It is a 112-page volume, thoroughly illustrated with charts, making this rather abstruse subject so clear that the wayfaring layman though a fool (in such matters) need not err therein. In actual practical value this work seems to be equal to any other published textbook on the subject. It is full of sound economic facts, and if even a modicum of them is assimilated by readers the total of our economic illiteracy ought to be reduced appreciably. The importance of this particular phase of our finances is apparent when it is considered that for the past several years the world's commerce and finance have been greatly disturbed by the depreciation and sudden fluctuations in the quotations of foreign currencies in American dollars. The war created many financial problems, and the United States has its full share of them. Our banks, naturally, are called upon to help solve these problems, one of which, as a prominent economist says, is to educate the public to the *international* economic point of view which post-war developments and relations make imperative. Books such as this certainly promote that object.

Perhaps the greatest financial educational institution, if such a term may be used, is the largest trust company in the United States, and by the same token, the largest in the world. It has so many officers that there is plausibility in the story of the two men who,

meeting on the golf links at a summer resort, got into a discussion concerning banking matters. When one of them, to back up his opinion, mentioned the fact that he was a vice-president of the country's biggest trust company, the other said, "Shake, so am I."

Because of the magnitude of its operations, therefore, it is natural that anything coming from that institution should carry considerable weight. For the same reason, such an organization can afford to spend a great deal of money in educational work of this kind. It is generally believed by those who are familiar with such things that this company spends several hundred thousands of dollars annually for advertising and publicity. A great deal of this is for the production of the kind of mental pabulum that is good for economic illiterates. For example, the institution has issued a "Bank Catechism," prepared by its comptroller, answering in simple language over seventy such questions as these:

What is a bank?

Why did the Federal Reserve Act change the method of issuing money?

How is export business handled?

What are the chief features that a bank must consider when called upon to make a loan?

How does a trust company differ from a national bank?

What are the functions of Federal Reserve Banks?

The reply to this last question illustrates the clarity and conciseness of this Socratic method of educating the public in financial matters. The principal functions of Federal Reserve Banks are:

- (a) The centralization and regulation, under governmental control, of the gold reserves of the United States, which formerly were scattered through some thirty thousand banks of the country, with greater opportunities to ship it to foreign countries or dispose of it at pleasure. The centralization and control of the gold is in the best in-

- terests of the country as a whole and makes the gold more readily available for credit purposes.
- (b) The means by which the currency of the country is automatically expanded and contracted to meet business requirements, as previously explained.
 - (c) To facilitate business by acting as a clearing-house for the collection of checks, drafts, etc.
 - (d) To act as a balance wheel in regulating credit expansion in excess of the amount necessary and safe for the good of the country.
 - (e) To act as a medium through which the United States Government can distribute its borrowings when in need of funds.
 - (f) To purchase in the open market, or from other Federal Reserve Banks, commercial bills of exchange, bankers' acceptances, etc., which would tend to preserve equilibrium between localities where money was plentiful and where it was scarce.

This company releases to the press at frequent intervals a series of articles on the "A-B-C of Finance," each of them signed by one of its officers. These articles are sent out for free publication and are used as a "feature" by many daily and weekly newspapers throughout the country. The subjects treated include these:

"How to Figure Interest," "How the Credit Department Functions," "The Meaning of 'Yield'," "Municipal Bonds," "Safe and Unsafe Investments," "Preferred and Common Stock," "Protecting Your Savings," "Sinking Funds," "Travelers' Checks and Letters of Credit," "What the Items of a Bank Statement Mean," "Why You Should Make a Will and How," "Banking Service for Foreign Trade," "The Federal Tax on Income," "Foreign Credits," and "Convertible Bonds."

It is not surprising that the spoken or written words of the officers of such an institution should add considerably to the sum total of our knowledge on

financial subjects. Several of these officers are in great demand as public speakers at gatherings of business men, and so frequently are they quoted that of them it might well be said, as of Goldsmith's learned schoolmaster, "And still the wonder grew, that one small head could carry all he knew." This wonder vanishes, however, when one has a glimpse behind the scenes at the large number of bright young men and women who are constantly at work in the company's publicity, library, research and statistical divisions collecting and preparing material for speeches and articles on financial and economic subjects. In a typical large trust company, the library force catalogs and indexes magazines, books, and reports of government departments and other general sources of information. The clipping bureau clips the leading daily and weekly newspapers of this country and of many foreign countries, and arranges these clippings according to subjects. The statistical division gathers the reports, earning statements, indentures, circulars and other information relating to domestic and foreign corporations.

The librarian endeavors to keep on file a complete set of the government publications of many foreign countries, as well as the official newspapers which contain decrees, laws and reports of the ministers of finance and other departments, reports of departments dealing with public debts and revenues, public works, commerce, trade and industry. Thus a complete set of official sources of information in regard to the financial and economic conditions of various countries is at hand. These files are supplemented by daily and weekly newspapers, financial periodicals and reports issued by chambers of commerce and financial institutions. At present the library is receiving approximately eighty-five periodicals and magazines from foreign countries, which in their scope cover practically the entire globe. Besides these, reports and other financial information concerning railways, public utilities and industrial corporations in other countries are obtained. The quotation lists of the lead-

ing stock exchanges of the world are also received regularly. All of this information is placed at the disposal of customers and the public, and provides the material for many reviews, reports and digests which are issued from time to time and widely distributed.

Such are the sources and such the methods of the economic and financial educational activities of our American financial institutions. It may be objected that the work is not thoroughly organized and systematized; that as carried out by many more or less com-

peting institutions, it overlaps somewhat; that there is no way to check up on its results. This may be true, but there can be no question that we as a nation would be a good deal more illiterate in such matters if it were not for the continuous efforts of our banks, trust companies and investment houses to collect and disseminate the facts and figures which have such an important bearing upon our economic life, and a correct understanding of which is so important to our individual and national well being.



What One Banker Learned From Big Department Stores

A Central File System Which Arose From the Need for Quick, Accessible Information

By Merrill Anderson

WHEN the Bank of America, New York, found that its six branches were not correlating the information which had been obtained about customers to as high a degree as was desirable, it was decided to collect the data in one central file, instead of in six so-called central files as had been done up to this time. It was also decided to make that central file the finest piece of machinery of the kind that had yet been developed.

Accordingly, Withers Woolford, advertising manager, was commissioned to examine various systems in use in New York, Philadelphia, Cleveland, Chicago and other cities. He found a good many. Some of them were highly organized and contained volumes of information. But one point which Mr. Woolford was especially desirous of achieving in his new central file was not commonly found in them. This factor was speed. He wanted to be able to

give *any* officer of *any* branch *any* information that might come within the scope of the central file—while that officer was on the telephone, with the customer, perhaps, in waiting.

He found that this problem had been considered most seriously by the big department stores; also that they had taken the greatest strides in overcoming the problem. They had so perfected the system that they were accustomed to find the complete credit record of any customer—sometimes among as many as 200,000 names, while a bundle was being wrapped and sent down to the customer waiting at the counter. It is all done without delay or annoyance to the purchaser.

The result of his investigations led Mr. Woolford to conclude that the Bank of America must have a *visible* filing system; and beyond this that the efficiency of the file was chiefly a matter of having the right file card and keep-

OPENED 4/17 1919 DEP. 7000. BY K.H. AUTH G.T. INTRO BY New Bus. Dept.		803	
OTHER A/Cs AT Merchants Trusts Savings, Hudson National.			
CONNECTIONS—BUSINESS is subsidiary of J.C.Combs, Inc., and is operated by Mr. Combs.			
SOCIAL		BUS INTRO	
1		P.H.Milner	
		Madden Gline Co.	
		Anderson & Woolford	
CROSS REFERENCE J.C.Combs Personal			
REMARKS		CREDIT INVEST Yes	
Will also use #2 Office.		RATE INT % LINE Yes	
		BUSINESS 817 - Mfg.	
		Metal Toys	
HOME ADDRESS			
TELEPHONE—HOME		BUS Vand. 8634	
BUS ADDRESS			
43 - 39th Street, N.Y.City			
NAME Economy Metal Toy Company			
		DEPT. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 817	

This card of the central file shows at once all the information that is wanted. On the reverse side there is space for the names of the officers and directors of the firm and remarks

ing the record on that card complete.

The card which he finally designed, after comparing a great many in use by leading banks, is reproduced herewith for the benefit of bankers who may face similar problems.

The fact that the file was visible required an initial cost somewhat greater than for other types of file, but price was only one of six factors which were considered in making these investigations. They were:

1. Visibility (of records).
2. Flexibility (ease of enlarging file).
3. Adaptability (simplicity of methods—speed of operation).
4. Durability.
5. Capacity.
6. Price (of complete outfit and replacement costs).

After considering these items at length, Mr. Woolford finally installed several stacks of Rand Visible Index Cabinets, and designed a special card which would give a maximum of necessary information at a glance.

When a drawer is opened, the following information is right before the eye without touching a card:

Name of client.

Office at which account is carried (shown by a different color and numeral for each office).

Occupation.

Whether he is a depositor, borrower, stockholder, or tenant.

Whether he is a customer or prospect of the following departments:

- Corporate trust.
- Corporate agency.
- Personal trust.
- Custodianship of securities.
- Securities sales.
- Discount.
- Foreign exchange.
- Safe deposit.

Every bit of this information is of vital importance to the new business department—and must be available at a glance. If the bank is sending out a letter to stockholders urging their co-operation, a clerk can go through the file and address the circulars without loss of a motion. If a circular is being sent to advertise any department, there is no danger of one being sent to a present customer of that department or of a prospect being overlooked.

As every banker knows there are certain accounts which are valuable solely for their connections. A glance at the card will show that ample space is left for business and social connections and cross references—so that even the most inexperienced can hardly fail to notice that even though Mr. Kling's personal account is worthless his company account is valuable. A record is kept here, as well, of all business introduced by a client.

The reverse side of the card is used chiefly for the accounts of firms, where a record of the officers and directors is of importance.

In the lower right hand corner of the sample card in the illustration you will notice the number "817". This means that the concern is engaged in

the manufacturing of metal toys. The classification "8" indicates manufacturing; the numerals following indicate the particular field. Thus, if the publicity department wished to send out a circular to insurance agents and brokers urging upon them the value of certain bank services, a clerk would look under the classification "4" which is insurance and find that "403" indicates broker and "407" agent. Then, skimming along the visible edges of the cards he would note the ones where "403" and "407" appeared, and these clients would be sent circulars.

The system has met the exacting tests which it was designed to meet—and has won the highest commendation of the various offices and departments of the bank.



"What Will the Bonus Be?"

The Employees of a Large Bank Make a Dead Loss of Many Hours Speculating on this Query

By Thomas F. Moffett

THE bank I have in mind is one of the largest in the world. It is known throughout the entire world wherever banking is done. It has a large staff of employees and at the end of the year a bonus is paid to them in what might properly be called a share of the profits. This percentage varies from year to year, naturally, and anywhere from the Fourth of July to the end of December there is not a day, hardly a minute, when somewhere throughout that organization some of the employees are not speculating upon what their bonus is going to be.

During the middle of the year, of course, the discussion of the subject is more sporadic and does not take up so much time. But as the months pass by and the end of the year comes closer the interest in the subject becomes

hectic. Speculations, forecasts, rumors, statements which may be called reports, and every imaginable shade and phase of this question is discussed pro and con, up and down through every department and throughout the length and breadth of the bank.

One day it is something which somebody heard from somebody else coming up in the elevator that morning. What the somebody heard or thought or asserted wends its way from one person to another through all departments until it dies a natural death. By that time somebody else has had a tip from So and So, and once more the merry round commences. At first the dainty morsels are ruminated upon by an exclusive few, generally in two's, and before each new slant on the discussion has been completely worked out, it is being dis-

cussed by groups of three and four or even a dozen.

One time one of the bookkeepers or accountants somewhere near the top of that department, one who should be presumed to know, gives a hint, or is reported by someone to have offered some information, to the effect that judging by the amount of business which has been transacted during the earlier part of the year, the bonus at the end of the year will probably be so much, or will be higher or lower than the year just past, or nearly as high as the bonus of the highest year, or probably as low as the bonus of the poorest year, and so on. Before this speculation has been exhausted in the rounds not only hours but actual days in the aggregate are turned into a dead loss.

Another time "the private secretary to the president," it is confidentially whispered to someone, has been good enough to confide in someone else that the bonus at the end of the year will undoubtedly be so and so. Once more the merry little meandering of a juicy topic for conversation starts on its round. Someone else got a tip from a friend of a director. A mere office boy heard a very significant hint from one of the higher officials. Somebody's confidential secretary got the goods straight, and so it goes from one day to the next and never a single day when the subject is forgotten.

It seems to be truly unbelievable that the managers of this great organization have never noticed what a vast amount of time has been lost because of this situation. Of course, practically all of the talk is done in undertones, and in a manner which excites little notice, yet the fact remains that this constant passing of rumors and speculations on possibilities goes on and results in this vast loss of time without the slightest exaggeration in any statement in the foregoing.

It is no breach of confidence to relate this matter, so far as the employees themselves are concerned. This matter is something which occurs to them in a manner quite unconsciously. It is quite possible that hardly any of them ever stops to look at the matter in the light in which it is presented here. It is certain, of course, that the officials of the bank have paid no particular attention to it.

It would contribute much to the ease of mind, indeed, of the employees, if this matter of speculation were removed entirely from their thoughts. The writer believes seriously that if an arrangement could be made by which a certain bonus of known amount was paid each year as a reward for loyal service and industry on the part of the employees, that the employees would be quite well satisfied with the arrangement. Their greatest worry in fact appears to be not so much that they may not get a satisfactory bonus, as confronting rumored possibilities of their receiving something considerably lower than that of the year before. It would surely soothe all minds to have the thing eliminated and settled beyond question. There is no doubt that the employees welcome the idea of a bonus. Beyond any question they feel that for a full year of good attention to their duties it is highly desirable to receive some such reward. They would consider it fair not to receive a reward should they not merit it through any fault of their own, or fail to receive one because they were not a full year, or at least a large part of the year, in the employ of the bank.

It is highly probable that the principle involved in this phase of a bonus payment as exists in this bank, will be found to exist to a more or less extent in any other line of business where it is the custom to make similar payments at the end of the year.



Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

SECTION



WHEN this bank was organized in 1810
there were only three banks in New York.

Through the wars and panics of over a century
it has always stood as a Gibraltar of finance.

Today it possesses not only the wealth of past
experience but the spirit of modern progress
and service.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Head Office: 20 Nassau Street

Capital, Surplus and Profits
\$27,500,000

Deposits, Sept. 6, 1921
\$180,500,000



**The Sioux Falls National Bank Building
Sioux Falls, South Dakota**

27 YEARS AGO the Weary and Alford Company was organized to engage exclusively in the design and execution of bank and office buildings and banking interiors. During the ensuing years a multitude of clients have availed themselves of this specialized service and have evidenced by continued patronage the value and effectiveness of the service rendered.

WEARY AND ALFORD COMPANY

**Bank and Office Buildings
1732 South Michigan Boulevard, Chicago**

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Trustee Liable for Unprofitable Investment

Durant v. Durant, New York Supreme Court, Appellate Division, 189 N. Y. Supp. 885.

THE beneficiaries of a trust fund, of which a trust company was trustee, not being satisfied with the income received from the fund, procured the resignation of the trust company as trustee and the appointment of an individual in its place.

The new trustee received approximately \$55,000 of which he invested the sum of \$25,000 in a mortgage on real property in the vicinity of Yonkers, New York. The property deteriorated in value making it impossible to collect the amount of the mortgage. It was held that the trustee should be surcharged with the sum of \$25,000 and interest and that upon his paying that amount into the fund, a deed to the mortgaged property should be delivered to him.

OPINION

Appeal from Special Term, New York County.

Action by Janet L. Durant against Lawrence T. Durant and others. From a final judgment entered at Special Term on the findings and report of an official referee, adopted and confirmed by the Special Term judge, plaintiff and Lawrence T. Durant and three other defendants appeal. Judgment modified and affirmed.

SMITH, J. In 1895 one William West Durant executed a trust agreement, which was supplemented later by agreements in 1897 and 1898, depositing certain moneys with the Continental Trust Company, the income from which to be paid to his wife, Janet L. Durant, the plaintiff herein, for the benefit of her and the children mentioned until the children became of age, when certain

portions of the income should be paid to such children. The Continental Trust Company handled the matter for some time, and then was consolidated with the New York Security and Trust Company, which subsequently became the New York Trust Company. The beneficiaries under this agreement did not receive as large an income as they desired from the trust company as trustees, and when some of the children became of age, and upon the application of the beneficiaries, the defendant Edward C. Crowley was substituted as trustee. One of the main reasons for such substitution was that Crowley would be more willing than the trust company to endeavor to increase the income from the trust fund. Crowley received about \$64,000 upon his qualifying as trustee, \$8,500 of which was by agreement between all the beneficiaries paid later to one of the beneficiaries, so that he had in hand some \$55,000 which he was seeking to invest. He did invest this money, and it is concerning one of the investments of \$25,000 that this litigation has arisen.

The plaintiff commenced this action to require Crowley to account, and upon a hearing an interlocutory judgment was entered, directing the trustee to file his account, and the proceedings upon the account, if objections were filed, should be had before the official referee. Crowley at no time objected to filing the account, and so stated before the trial judge. One of the investments made by the trustee was in a \$25,000 mortgage on some property in the outskirts of Yonkers, which will be described more fully hereafter. The main contest in the matter was over this investment, the beneficiaries claiming that it was improvidently made by the trustee and that he should be charged with the investment. After a lengthy trial the referee found that the property was security for the loan at the time it was made, but suggested that the trustee

should have exercised greater diligence in looking into the personal qualities of the Tweedys, one of whom was the mortgagor. Upon the referee's report coming before the Special Term for confirmation, the Special Term adopted the findings of the referee and confirmed his report, which overruled the objection to the \$25,000 investment and settled the accounts as rendered by the trustee.

Immediately after the appointment of the trustee in September, 1909, he made several efforts to invest the fund, inquiring of different people for investments that would return six per cent., and found that he could not make investments in the city limits of New York that would pay more than four and one-half or five per cent. At the suggestion of some of the beneficiaries he investigated two or three different propositions outside the city limits, some of them at some distance from the city, but, not being satisfied with them, declined to take the loans proposed. The trustee was acquainted with a man by the name of Blake, who was a lawyer and in the employ at the time of the Title Insurance Company in New York City. He had been a resident of Albion, Orleans county, N. Y., the county adjoining the county in which the trustee lived before coming to New York; he being a former resident of Lockport, Niagara county. They had been well acquainted, and the trustee, knowing that Blake was in the Title Insurance Company, asked him if he knew of any loans. Blake after a little time brought to him an application for the loan in question, which he learned of through a man by the name of J. L. Lewis, who was a lawyer formerly from Albion, but at the time practicing in New York. Lewis was then living near the residence of certain people named Tweedy, was acquainted with them, and acted as their attorney. He knew their desire to obtain a \$25,000 loan on the property, and told Blake of it. Blake submitted it to Crowley, and Crowley suggested to him that he get a man by the name of Snyder, an appraiser, to make a report on it, and Blake arranged with Snyder to make such report.

Lewis obtained a report from another appraiser by the name of Spock, residing in Yonkers. These two appraisers made reports, one of them showing a value of the property at the time of \$40,000, and the other of \$42,200. Crowley examined the property two or three times, going through the house and over the grounds, and conferred with several people about the general locality. He learned that there were three mortgages on the property, one of \$10,000, and a second of \$2,000 on three of the lots, and a \$4,000 mortgage on two of the adjoining lots. He also learned that the husband of the proposed mortgagor, Mr. Tweedy, had retired from business and was interested in the development of a rubber reclaiming process, and desired some money to put in its development, and that whatever money would remain after taking up prior liens and paying the expenses in connection with the mortgage would go into that enterprise. The trustee had told Blake that he would have to get his commission out of the borrower, and Blake and Lewis, after some negotiation, arranged with the Tweedys that \$2,000 would be paid to cover commissions and all expenses in connection with the matter. This was eight per cent. The trustee accepted the \$25,000 mortgage, and turned over the money in several checks to the Title Insurance Company to close the loan. There were upon the property at the time the loan was made unpaid back taxes for several years, and some tax sales on two of the plots, but not on the buildings. These the trustee says he did not know were unpaid until the closing of the loan, and then thinks he saw it on the closing papers. All these taxes were paid out of the new mortgage money. Blake received as commission \$1,286, which is a trifle more than five per cent. commission, which was the usual commission on such loans. The trustee, Crowley, was not acquainted with the lawyer, Lewis, and did not meet him until the time of his investigation of the property in question.

The property in question consisted of five plots, each of about fifty to fifty-

four feet frontage, aggregating 260 feet of frontage, and being 139 feet in depth on one side, and about 100 feet in depth on the other. A two and one-half story house, with stone foundation and cemented cellar, was built upon one end of the tract, being the most elevated portion of the tract, and in the rear of it was a one and one-half story stable, the first story of which was of stone, and the upper story shingled, with stalls and carriage room, and rooms overhead. The portion of the plot where the house was located was some thirty feet above the grade of Prospect Drive, on which the lots fronted, and the tract sloped down along this drive, so that the narrower end of the plot came substantially to grade. On the other side of the plot from Prospect Drive there was a street at right angles to this property, and upon that street were several houses. The tract had several large trees upon it, and from the site of the house a view could be had across the valley over a part of Yonkers and to the Hudson and the Palisades beyond. The immediate approach from Prospect Drive up to the house was an abrupt, rocky way, as the photographs show; but there was a driveway from Prospect Drive at the southerly end. In looking at the photographs and considering the descriptions of the property given by different witnesses, it seems that the property is a very special property, that it could be salable only to people who would like a view and would be willing to take it with the disadvantage of the rock outcrop. Being a special kind of property, there would be very little demand for it for rental purposes, so that, if the same should become vacant, it would be difficult to rent it. At the time the loan was made the house was in fairly good repair. It had one bathroom, and a bathtub and closet in the cellar. The stable was well constructed and in good repair, and was convertible into a garage. The loan in question was made in December, 1909.

The Tweedys continued to occupy the property for a time after the loan was made and paid the interest for two and one-half years, when they stated they

could no longer pay the interest, having had reverses, and offered to give a deed of the property. The trustee told Blake, who had made the loan for him, that he ought to take the property and endeavor to dispose of it and make good the loan. A deed was taken from the Tweedys to Blake in 1912, and Blake continued to pay some interest on the loan. Some of the taxes were paid after the making of the loan, until finally the trustee foreclosed the mortgage, when Blake ceased any efforts in connection with the matter. There were then due and unpaid taxes for 1914, 1915 and 1916. The trustee and Blake, after the making of the loan, continued to have business relations, and the trustees invested the balance of the \$55,000 in five loans on Staten Island, through the instrumentality of Blake, who received commissions upon the loans. There is no question about these loans. After the making of the mortgage, and about the time the Tweedys ceased paying interest, the trustee learned from them that they had rented the property for a time at \$150 a month, and later at \$125 a month. When the property was deeded to Blake, he was unable to rent it for some time, and finally rented it on what the trustee calls a care-taking basis; the boys in the neighborhood having overrun it somewhat, and it having become dilapidated. It was rented for \$65 a month to a party who took care of the property, putting in such repairs as were necessary to live in it. The real estate was assessed for taxation purposes, at the time the loan was made, at \$9,000. The trustee learned of this valuation before he made the loan, and says he inquired of people acquainted with the method of assessment, and was told that assessments in that locality on unimproved real estate were at only about one-fifth of the value. The property in question was not unimproved. At the time the loan was made the house was about twenty years old, and stable some ten years old. The plumbing and furnace were also twenty years old. It appears from the evidence that, in order to make the house salable at the present time, at least \$6,000 must be expended on it to bring it

up to the present requirements, and either that sum must be expended or some one found as a purchaser who has "vision" enough to see the desirable features of the property to be willing to pay the above sum, in addition to the sum necessary to make good the trust fund. It has been impossible to find such a purchaser, although the property has been in the hands of real estate agents for several years.

The immediate beneficiaries are all of full age, and were all of age at the time the loan was made, except one son, who was about nineteen years of age. The trustee thinks he told one of the cestuis que trust concerning this proposed loan, but two of the cestuis que trust swear he did not tell them, and at least there is no positive testimony that he did. Upon the trial the plaintiff swore three experts, one of whom had no knowledge as to the values at the time the loan was made, except as he has acquired information since that time. The other two testified that in their opinion the property was of the value of from \$17,500 to \$18,500. The defendant trustee had four experts, one of whom was the appraiser, Spock, selected by the owner, Tweedy. Of the others, Snyder, the original appraiser, placed the value at \$40,000. The witness Goodhart gave the value as \$39,000 and the witness Howe at \$33,000. These witnesses for the trustee all agree that the buildings were worth \$13,000, and they differ only as to the land value. These witnesses, both those for the beneficiaries and for the trustee, give testimony which leads to the inevitable conclusion that the property upon which the loan was made was highly speculative in value, and that it would be very difficult to find a purchaser or tenant, and this is verified by the events.

This investment of \$25,000, nearly one-half of the whole of the trust fund, in one mortgage, and that on property highly speculative in its nature, very difficult to rent, should it become unoccupied by the mortgagor, called for more care than was exercised by the trustee. Had he inquired more fully concerning the individuals obtaining the

money from the loan, which the referee says he should have done, and had he inquired of the holders of the mortgages then existing on the property, he would undoubtedly have learned facts which would have led him to doubt the correctness of the valuation placed on the property by his appraiser and by the property owner's appraiser. While there is nothing in the record to impugn the good faith of the trustee in making the investment in question, it must be held that the trustee did not exercise the care and foresight that an ordinarily prudent man should have exercised in his own affairs.

The judgment should be modified, and the referee's report disallowed, in so far as it approves of the accounts submitted by the trustee. The interest on the \$25,000 loan seems to have been paid down to June 1, 1916, and the trustee should be charged with the \$25,000 loan and interest thereon from June 1, 1916. There are certain items in the account of rents received and disbursements made, from and concerning the property in question, all of which should be eliminated from said account, and, as the disbursements exceed the receipts by the sum of \$1,102.56, the trust account should be surcharged with that sum. Upon his paying into the trust fund the said sum of \$25,000 and interest from June 1, 1916, the Prospect Drive property should be conveyed to him individually. As so modified, the judgment is affirmed, without costs. All concur.



Failure to Present Note on Bank Where Payable

Paoella v. Brunner, Supreme Court of Washington, 200 Pac. Rep. 481.

The fact that the holder of a note fails to present it for payment at the bank where, by the terms of the note, it is payable, does not preclude an action thereon against the maker.

OPINION

Action by N. Paoella against Eugene Brunner and others. From a judgment

for plaintiff, defendants appeal. Affirmed.

MAIN, J. This action was brought to recover a judgment on promissory notes and for the foreclosure upon certain corporate stock, which had been given as collateral security for the payment of the notes. The case came on for trial before the court and a jury. At the conclusion of the evidence, a motion being made, the court withdrew the case from the jury, made findings of fact and conclusions of law, and entered a judgment as prayed for in the complaint. The defendants appeal.

The facts out of which the action arose may be summarized as follows: On December 1, 1919, the appellant, Eugene Brunner, executed and delivered to one Joe Filiberto thirteen promissory notes, each for the principal sum of \$750 except the note numbered thirteen which was for \$1,000. Note one was payable on or before January 1, 1920. The remaining notes matured monthly thereafter. Contemporaneously with the delivery of the notes and as part of the same transaction and for the purpose of securing the same, Brunner pledged 249 shares of the capital stock of the Jefferson Hotel Company, a corporation, and deposited the stock in the Scandinavian-American Bank of Seattle. At the time of the execution of the notes an agreement collateral thereto was made, covering the matter of the pledge of the stock and the depositing of the same in escrow in the bank. By this agreement the stock was to be placed in the bank, but no mention is made as to the notes. The notes on their face provide that they are payable at the same bank and were in fact placed there, together with the notes

and the collateral agreement. After the execution and delivery of the notes and agreement, and before maturity of any of them, the respondent purchased the notes from Filiberto, paying therefor the sum of \$9,558. After Filiberto purchased the notes they were withdrawn from the bank, indorsed and delivered to him, and placed in the Guardian Trust and Savings Bank, with the exception of note No. One, which was due on January 1, 1920, and which was paid some days after the due date. Note No. Two, which was due on February 1, 1920, was not paid.

The present action was begun on March 1 thereafter, by filing the complaint in the clerk's office. The principal contention of the appellants seems to be that since the notes provided that they should be paid at a certain place, to wit, the Scandinavian-American Bank, and that note No. Two was not there on the due date that one prerequisite to the right to maintain the action was lacking. The collateral agreement did not require the notes to be placed in that bank, and the evidence shows without substantial controversy that the failure of note No. Two to be in the Scandinavian-American Bank was not the cause of its nonpayment when it became due. The appellants knew the bank in which the note was deposited, and did not make any tender of payment at the bank where the note specified it was payable. Under these facts the respondent had a right to maintain the action, even though note No. Two was not in the Scandinavian-American Bank at the time it became due and payable.

The judgment will be affirmed.





When your hands are idle — *plant a tree*

SO counselled a wise old Scot who had witnessed many saplings reach the fullness of mature beauty. Living, a tree adds to the richness of life. Fallen, it is privileged to enter into the building of a home, a fine book, an admirably designed table, or serve as an humble carrier of goods.

"Only God can make a tree"—but any man may plant one. More power to the reforestation movement, which will make available an increasing supply of wood, sorely needed for this and succeeding generations.

The manufacturers who convert lumber into paper, building material, furniture, ships, boxes and ten thousand other useful forms recognize The National Shawmut Bank as an old established institution which heartily welcomes opportunity to be of assistance.

Many great shipments of lumber from the forests of Maine and Canada, as well as mahogany, teak, ebony and other imported hard woods, are financed through this bank. Where great distances separate the shipper from the receiver, Shawmut's world wide representation insures that all financial transactions will be under our constant supervision to insure accuracy and speedy transmission.



Shippers and buyers of lumber, also interested banks, are invited to use Shawmut's facilities

THE NATIONAL SHAWMUT BANK of BOSTON
Capital, surplus and undivided profits, \$22,000,000

Banking Publicity

Special Section of The Bankers Magazine

DECEMBER 1921

Newspapers Co-operate With Bankers in Promoting Christmas Savings

By CARL J. SUEDHOFF

PUBLISHERS OF NEWSPAPERS throughout the country, first, last, and always are interested in the welfare of the readers of their publications. Time and again this fact has been demonstrated but probably never more forcibly than in Fort Wayne, Ind., last year when the newspapers of the city joined wholeheartedly with the banks and trust companies in a Christmas Savings Club campaign. Editors and advertising managers, and even the cartoonists, came forth with their fullest measure of cooperation and the campaign went over big—bringing benefits to the banks, the readers of the newspapers and business in general.

As times goes on, newspapers everywhere are awakening to the fact that Christmas Savings clubs provide excellent matter for editorials, cartoons and news articles. Accounting for this are numerous reasons.

European critics have declared that the dollar is uppermost in the minds of every American man and woman—that the entire populace rushes headlong in one eternal race for money. This criticism may embrace some modicum of truth, but anyway, it is generally admitted that money is a subject of public interest, and editors realize that whatever is of public interest is news and space-worthy.

Few, indeed, are the banks that have not inaugurated Christmas Savings clubs. Every bank and every trust company, almost, of practically ev-

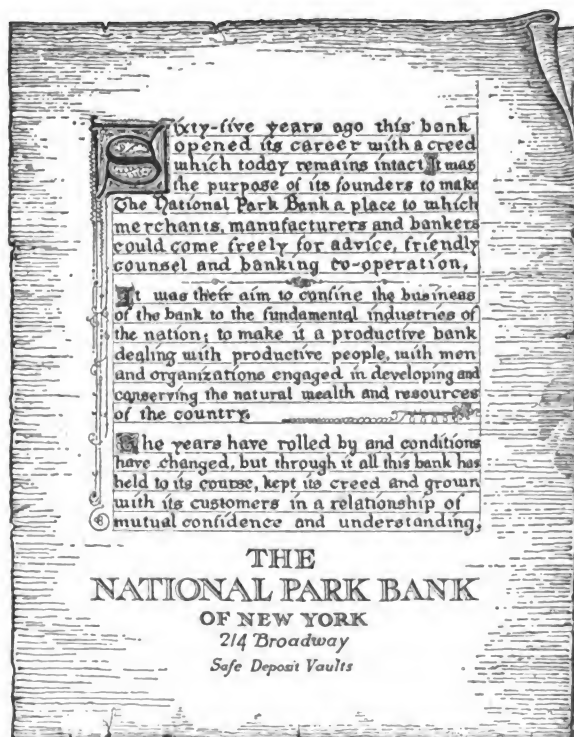
ery city in the United States has tried them and found them successful and as a result the number of the clubs has reached into the thousands. This fact makes the Christmas Savings club project "something big" in the eyes of newspapermen.

But there is still a far more weighty reason why editors and publishers believe that Christmas Savings clubs are subjects for "good copy." It is the fact

that the clubs inculcate the idea of thrift into the minds of the rank and file of the people. Newspaper publishers do not merely believe that the Christmas Savings clubs tend to make the people more thrifty. They know it to be an absolute fact. At least newspapermen of Fort Wayne have come to this realization, after seeing how the people of their town saved \$600,000 in the Christmas Savings clubs last year.

It is therefore to encourage the idea of thrift—to make the people more saving, that newspapers are lending their heartiest cooperation to the bankers

(Continued on page 1085)



A novel form of lay-out that attracts the eye and at the same time is appropriately in keeping with the copy.

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

DECEMBER 1921

AGAIN Christmas is at hand, and it is the pleasure and privilege of banks to greet customers and the public with the customary Yuletide wishes through their advertisements as well as by greeting cards. It is a fine custom, and one which ought to be made even more general we believe.

THE ATTENTION of all readers of this department is called to the Advertising Exchange List which appears every month at the close of these pages. This is a list of financial advertisers who agree, to their mutual advantage, to exchange current publicity material, such as booklets, folders, circular letters, newspaper advertisements, etc. All subscribers of THE BANKERS MAGAZINE are entitled to be listed if they so desire.

In order that this exchange may be really effective, it is of course important that every member do his share by sending samples of his work to the other members. Some complaints have been received that this is not done in all cases. If you are a member of this exchange do not fail to place all of the other members on your mailing list.

THAT THE public is beginning to have a better understanding of the function of banking would seem to be indicated from the results of a recent investigation made among business men by the editor of a trade paper. It was found that in most cases business men are well pleased with the service that their bank is rendering, and even in cases where credit is not extended, they have a real appreciation of why the banker is unable to accommodate them. The progress that has been made in this regard may be attributed largely to advertising. By proper publicity the banks are educating the public, giving them the facts about banking, and breaking down that old tradition that all banks are cold-blooded and heartless.

THOSE WHO have had occasion to watch the progress of financial publicity from year to year cannot but be very forcibly impressed with the marked improvement in the typographical display of most modern newspaper advertising. Even when the old stereotype copy is used as in days gone by, it is so neatly and pleasingly arrayed in its new typographical dressing it is hardly to be recognized. Even a condensed statement with list of officers can be made to look attractive and to stand out on the printed page if properly displayed. On the other hand, the best copy

that was ever written is of little use if it is set up in an unattractive fashion.

TO MAKE two depositors grow where only one grew before is one of the reasons why of bank advertising. If you can make three grow in place of one, so much the better. Advertising is a business tonic which should be administered freely in these times. It is one thing that can be depended upon to improve business.

A PROMINENT advertising man says:

I sincerely doubt if any man can spend twenty years at his laboratory, his shops or his ledgers and then suddenly know all about advertising. In very truth nobody knows "all about advertising." Advertising is an art as well as a science and so there is always room for inventing originality, novelty and sometimes heterodoxy; but there are basic principles that are essential, and even if one is going to be bizarre and unconventional, it is safer to know the conventions which are to be violated.

EXPERIENCE and observation have proved conclusively that in the average bank a considerable percentage of possible business is lost because of lack of proper following up. Some "leads" may be worked upon for several years before they are finally dropped or become depositors or customers of the institution.

Newspapers Co-operate With Bankers in Promoting Christmas Savings

(Continued from page 1083)

in the carrying on of Christmas savings clubs campaigns. Back of it all is the old ideal of every high class newspaper—to aid and better the welfare of its readers.

Then too, editors and publishers realize that their cooperation means something to the merchants of the community and to business in general. In Fort Wayne last year, perhaps not all of the \$600,000 which the thrifty persons saved through the medium of the Christmas Savings clubs was spent during the holiday season, but a great portion of it was. And on this money, to a large extent depended the success of many a merchant's holiday business. And the success of the merchant is the success of the newspaper.

There is little doubt that Christmas Savings clubs this year will be life savers for business at Christmas time. Throughout the country, it is a widely admitted fact that business is quiet. Thousands of persons are out of work. Buying is not up to normal and it is believed that only through the use of the money saved in the Christmas Savings funds that buying will be up to the usual standard during the holiday season. Many people there are who believe that Santa Claus this year would miss many of his accustomed stops were it not for the dollars saved a few at a time but systematically in the Christmas Savings clubs.

"Do your Christmas saving early" was the warning featured by the newspapers of Fort Wayne during the Christmas Savings campaign last year. The campaign started a week before Christmas and continued for two weeks during the month of January. The publishers of the newspapers were liberal with free publicity.

Who's Who in Bank Advertising



H. B. GRIMM

Manager business extension department, Security Trust Company, Detroit, Mich.

MR. GRIMM joined the Security Trust Company organization in January, 1921, as manager of the business extension department. Previous to this, while vice-president of an Indiana bank, his work attracted favorable attention because of its refreshing originality. Hoosier born, Mr. Grimm really comes from the South. At Chattanooga he had five years' experience with the Chattanooga Savings Bank and four years with the Purse Company, well known publishers of effective trust company literature. During the next several years he was associated with financial publicity specialists in Cleveland, Ohio.

He has devoted considerable time and effort in the interests of better publicity and new business methods for financial institutions, individually and as an active member of the Financial Advertisers Association. He is a frequent contributor to financial publications and has just completed a series of talks before group meetings of the Michigan Bankers Association.



**CHRISTMAS CLUBS
GET BIG START**

Local Banks Believe Number of Members Will Be Greater Than Ever Before.

MANY GIVEN AS GIFTS

That the savings plan was given the greatest impetus in the history of Christmas savings clubs, is the opinion of Fort Wayne banks and trust companies. All of them have been busy since the beginning of the campaign, and the results are gratifying. The Christmas Savings Club plan has proven to be one of the greatest mediums for inculcating thrift ever placed into operation in Fort Wayne. The plan of laying by a little each week, which by Christmas time of the following year has amounted to a very substantial sum, is proving very popular with local people. Realizing the splendid opportunity of instilling the idea of thrift in the



Newspaper co-operation in the Christmas savings idea.

There were numerous news articles concerning the Christmas Savings clubs in the papers of the city during the entire campaign, and supplementing the news stories were long and interesting editorial notices, pointing out the savings clubs as an excellent way to success, via thrift. In addition to the news articles and editorials, attractive cartoons appeared in the papers calling attention to the Christmas Savings clubs, and bringing home to the readers in a graphic and forceful manner the full meaning of a membership in a Christmas Savings club. One cartoon was particularly appealing. It showed a smiling and happy-faced "everybody" walking joyfully through a heavy downpour of rain, sheltered under a large umbrella labelled "Christmas Savings club" and cloaked beneath the folds of a rain coat termed "The Saving Habit." The rain of want did not touch him. "Be prepared for that rainy day" was the caption over the cartoon. Other cartoons, equally as great in their appeal appeared in the papers almost daily throughout the campaign.

One news story said in part: "All of the Fort Wayne banks and trust companies have already opened their annual Christmas Savings funds for

the coming year. The first week's enrollment promises the greatest year in the history of this splendid thrift plan. A total of \$600,000 was paid out to members of Christmas Savings clubs by local banks on December 9 and 10 and although this figure shatters all previous records, bank officials confidently believe that next year's showing will be even greater. According to bank officials, the Christmas Savings club plan has proven to be one of the greatest mediums for inculcating thrift ever placed into operation in Fort Wayne. The plan of laying by a little each week, which by Christmas time of the following year has amounted to a very substantial sum, is proving very popular with local people. Realizing the splendid opportunity of instilling the idea of thrift in the

plastic mind of the child, many parents have purchased Christmas Savings club memberships as Christmas gifts for their children, paying down varying amounts and leaving the recipient of the gift to keep up the investment which has been presented him."

During the campaign the various banks and trust companies had cooperative display ads in the papers which proved highly effective. Results showed that more clubs were opened and memberships increased rapidly with every bank in the city reporting an increase of business over previous years. The cost of the entire advertising and publicity campaign which covered a period of over six weeks averaged less than \$80. Eight banks and trust companies formed the Fort Wayne association.

It's the "Where" That Counts

By D. S. KNOWLTON

WITH banks generally offering the same kinds of financial service, and going after new business through standardized advertising media, location is becoming a particularly vital element in the expansion of a banking business.

The average man is coming to believe more and more that one bank is just about as good as another. All banks are safe, these days—they advertise much the same services, and they are uniformly hospitable and pleasant places to enter. But, for

that average man, there is one particular bank that is better for him than any other, because it is *closer* to his place of employment, his transfer point, or his home.

A personal friendship, a special service, a particular courtesy, in hundreds of cases may override the consideration of location; but other things being equal in the mind of the depositor, it is only natural that location should be the first reason for patronizing any particular bank.

An analysis of the list of customers of a bank in an industrial city of Ohio substantiated this assumption. This bank is located upon an important transfer corner, between, and a short distance from, the large retail shopping district or "downtown" on the one side, and an enormous factory on the other. It was found that a surprisingly large per cent. of the employees of this factory were customers of this bank, who had occasion, no doubt, to pass the bank on their way downtown, going to and from work, or waiting to catch a car on one of the many car lines passing the bank's corner. There was very little business that came to the bank from the "downtown" side.

Now, there were several other banks that these employees of this particular factory might have patronized, but this bank was the nearest bank, whereas the others were a little farther "downtown". In short, the big money went to the nearest place.

Bearing the above statistics in mind, covering as they do the "pulling power" of bank locations only, it is easy to see that not even a powerful advertising campaign can be expected to bring the workers of outlying factories safely past several miles of pool rooms, cigar stands, dry goods stores with silk shirt bargains embellishing their windows, real estate bargain boards, soft drink emporiums, and the like, with the

Who's Who in Bank Advertising



CLINTON F. BERRY

Advertising Manager Union Trust Company,
Detroit, Mich.

IMMEDIATELY after graduation from college in 1911

Mr. Berry joined the advertising copy staff of the J. B. Ford Company, Wyandotte, Mich., large chemical manufacturers. He remained with this company six years until the outbreak of the war. Upon his return from service he became connected with the Union Trust Company as advertising manager and has been putting out very attractive work for them since that time.

From the New York Herald of Sept. 21. 1837.

Fatigued with exertions in the Sessions Court, on Saturday we pushed toward Park Row and jumped into little John Kelly's hand-some hack.

"Where to?" says the attentive John.

"Barclay Street, Newark boat," and we soon stood before the Cerberous stationed there to take toll. We presented a Rhode Island Bill.

"Can't take it."

"Providence."

"We have nothing to do with Providence here" said he huskily. We looked into his eyes and felt bound to believe him.

"Boston" we exclaimed, presenting a piece of paper purporting to be payable in the modern Athens.

"Boston's Bankrupt."

"Chemical Bank of New York," presenting a pale faced five that smelt of sulphuric acid, iodine of azote, phosphuretted hydrogen, oxide of tellurium, and a host of hydrates.

"Good as Gold" said the old surly, giving us the change, and the piece of paper did act like the "powder of projection" for by it we were placed on board of the boat.

*Good as gold
then
Good as gold
today
Seeking new
business on
our record*

**THE
CHEMICAL
NATIONAL BANK OF NEW YORK**

Founded 1824

BROADWAY AND CHAMBERS, FACING CITY HALL

A study of an old newspaper file revealed the basis for this very strong advertisement.

proper share of their weekly wage still intact to deposit in the savings department of a downtown bank.

In short, such a bank is in long distance competition with businesses presenting a powerful and immediate money appeal at or near the source from which money was obtained.

The solution lies of course in the establishment of branch banks which can go after the money at its source.

Now in the case of any cer-

tain branch bank, the "source of money" in that branch bank's particular territory must be taken into consideration in order properly to direct the advertising appeal.

For instance, a certain branch bank was opened last fall in a prosperous residence section, where people have learned to resist the silk-shirt-pay-envelope combination, and have bought houses and furniture and settled down.

The "resources" of this

branch, when it opened, consisted therefore of its "convenience to home-dwellers."

With this idea in mind, all residences in the district were covered by house-to-house mailbox distribution, once before and once after the opening of the branch, the medium being a simple but carefully printed single-sheet circular, stressing location and convenience.

Newspaper announcements, display cards, and the like, supplemented the house-to-house distribution.

On the opening night, besides receiving flowers or cigars, visitors were impressed with the neighborhood or community idea of this branch bank.

The situation is quite different in factory districts—districts of enormous industrials and small rooming-houses—of men leaving town and men coming to town—of retail stores swarming about the larger plants, offering for sale anything that will take the eye of the young male animal—of ups and downs, employment and unemployment.

Here pay-day for any factory group is also pay-day for the poolroom, cigar store, necktie vendor, real estate salesman, candy merchant, coffee house, sport shop and picture show.

The factory is the source of money. It is the bank's problem to get its share of money first.

To do this it is necessary to appeal to the worker as soon as possible after he leaves the factory gates. A branch should accordingly be located close to the doors of the factories—and if a branch is not near enough to answer the purpose, a billboard may confront the worker as he leaves the plant with his pay in his pocket, bearing some such legend as this:

**"YOUR NEAREST BANK IS
JUST ONE BLOCK
SOUTH"**

and, of course, the bank's actual name and address.

Such a program was used by a branch bank established in a factory center of an Ohio city several months ago. Besides billboards opposite factory gates, every possible means were used to teach accessibility from factory doors.

Workers in certain plants found in their pay envelopes little folders giving the location of the branch—possibly three minutes' walk from their factory—the folders bearing the suggestion:

"A quick trip to this branch with your pay envelope will save the worry of carrying too much cash around in your pockets."

In short, this bank believed in going *where* the money is, and then getting it *first*.

It is plain that direct-by-mail advertising would be profitable in a residence district, where it is possible to keep some check upon addresses, but impracticable in a factory district. Might it not be suggested that the advisability of direct-by-mail advertising varies inversely as the degree of turnover in population and employment in a given territory?

"Come easy, go easy," describes only too accurately the course of money in retail centers surrounding our manufacturing plants. That condition banks cannot help—but they may place their branches where the money that "goes easy" may just as easily go into the banks as any place else—provided that the branch location is adequately advertised.

"What" banks sell and "how" they serve, almost everybody knows. It's the "where" that counts.



THE "U & P" (Union and Planters Bank and Trust Company, Memphis, Tenn.) recently opened a Franklin Savings Bank branch and has started a "Poor Richard" of its own in the form of newspaper advertisements using "Franklin" savings sayings

How Banks Are Advertising

"THE BANK That Helps You Get Ahead," is the slogan featured by the Central Manufacturing District Bank of Chicago in savings broadsides and other advertising literature recently distributed.

"COMMON SENSE About Wills" is the title of a booklet recently issued by the Irving National Bank of New York. It tells what constitutes a valid will, who can write one, and how the testator can make sure that his wishes will be carried out.

THE CHICAGO Clearing-house Association recently completed a publicity campaign consisting of six page advertisements published on consecutive days. These were prepared in consultation with the best banking minds in Chicago. They portray the history of the clearing-

house idea, and the institution; explain its functions, describe its civic responsibilities and achievements, and measure to a fine degree of exactness the protection afforded to bank depositors by clearing-house affiliation. Clearing-house banks in other cities would do well to study this campaign.

ONE OF THE branches of the Union Trust Company of Cleveland—the West Twenty-fifth Denison office—is issuing a monthly paper that is something new in the way of a bank house organ.

The main purpose of this publication is merely to be a newspaper. It features primarily neighborhood gossip, little inconsequential news items about what this or that family in the neighborhood is doing. Hardly



They found at the door what they had sought three miles away

Services of a great National Bank made available to thousands of depositors at nine centers of the City's trade

A CERTAIN business required not only large-scale borrowing, but also large-scale dealings in foreign exchange. For this they had established connections with a large bank located in another part of the city.

But every week they had a payroll. Every day they had deposits to make. For this they chose a local bank—a bank around the corner from their place of business.

And so there was the double arrangement—a situation that meant waste of time and great inconvenience.

Today this company has overcome the difficulty. Like many other firms it has found in one of the Irving's nine District Offices not merely the convenience of location

which it needs, but also, combined with that convenience, the necessary large resources and world-wide connections.

Every Irving Office offers a complete banking service

Every service of the Irving is available at each of its nine District Offices, located in some of the most important business centers of Greater New York. (See complete list above.) Each one of these Offices is a complete banking unit. Each is responsible for its own activities. Each is in charge of a Vice-President or Manager, and on operating staff thoroughly familiar with the banking requirements of the neighborhood.

Yet backing up each one, and at the command of every depositor, are all the resources, all the services of the highly organized department, and all the facilities of one of the great commercial banks of the United States.

A visit to the nearest Office and a talk with the Officers in charge will suggest how these facilities can serve you in your business and personal affairs.

IRVING NATIONAL BANK

NEW YORK



A strong advertising appeal for a city bank with branches.



A Bond For Christmas

is a gift that will be appreciated through years.

It will start your boys and girls on the road to financial independence.

A bond gives real meaning to the spirit of Christmas.

First Wisconsin Company

Advertising bonds for Christmas.

any mention is made of the bank except that it is the plan in future issues to publish regular advertisements of the bank, the same as would be published in any ordinary newspaper.

The name of this publication is the *Brooklyn Bridge Beacon*.

THE HOME service department of the Williamsburg Savings Bank, Brooklyn, of which Miss Adeline E. Leiser is director, has prepared a household budget and account book based on the most scientific methods for determining domestic expenditures. The book is one of the most practical that has come

to the attention of this department.

THE CHATTAHOOGA Savings Bank has recently issued a booklet reproducing in part the material used in a campaign in behalf of life insurance. During the campaign the bank not only used newspaper space to boost life insurance, but employed a number of window displays to very good effect. The lobby was decorated with special posters carrying messages on the value of life insurance.

Describing the campaign J. V. Holdam, assistant trust officer, writes as follows:

"We changed our window

display weekly carrying human interest appeals which perhaps were the most effective part of advertising. I shall describe one: In one end of the window was a hat which according to the sign placed above it was being passed around in the interests of a widow who was left without insurance or income. In the bottom of the hat were several coins. In the other end of the window was a check from an insurance company payable to a widow in the amount of five thousand dollars. This was mounted on a card and placed on an easel in an attractive manner. In the center of the window was a sign with hands pointing to opposite ends of the window and reading as follows: 'What are you leaving your widow? This or this. Buy life insurance. See an agent today.' We have heard of several instances where this window was effective. One instance in particular; a man after having looked at the window steadily for a while approached an insurance agent saying that he had been looking at a hat in the Chattanooga Savings Bank window and decided that he needed more protection. He took out a policy for twenty-five thousand dollars.

"There are 210 life insurance men in Chattanooga all of whom have been in the bank many times expressing their appreciation of what we are doing. They have reported that their sales have been doubled or trebled in August over July. These two months are their lightest months in the year.

"We feel that this campaign has been reasonably inexpensive but has brought us more good will among a live bunch of mixers than we could have gotten in any other manner. We have a sufficient quantity of these pamphlets to distribute to any bankers who might be interested in the campaign."

THE CENTRAL Manufacturing District Bank of Chicago recently completed an unusual

birthday celebration. In the bank lobby a real birthday cake was placed at the top of a flight of stairs containing nine steps, each step showing in figures the bank's growth in deposits year by year.

The interior of the bank was elaborately decorated with flowers and ferns. On special days all visitors were given a souvenir, the ladies receiving roses and the men getting cigars.

A special feature for all new savings depositors was the presentation of cash prizes ranging all the way from 25 cents to \$10.

As a direct result of this celebration over 1,700 new savings accounts were added to the bank's ledgers.

BANKS in Southern California are doing as much as possible to help farmers. In several instances during the past year clearing house pools have been formed to finance cotton-growers in the Imperial and Salt

River valleys, and other sections of Arizona, anywhere from one to five hundred miles from Los Angeles, but tributary to it. Inflated costs of production and other conditions in farming make it somewhat difficult to give all the help that farmers need, but the banks there are doing good work individually and collectively in advertising and service.

"WITH FACE TOWARD THE Future" is the title of a good trust booklet put out by the trust department of the Capital National Bank of Lansing, Mich. It has a particularly attractive frontispiece illustration and is well printed and convincing.

"DETROIT IN '49" is the title of a 54-page booklet presented by the Detroit Savings Bank, established 1849, as a souvenir of the opening of its new home in the Detroit Savings Bank building. It is a brief but interesting and thoroughly illustrated history of Detroit in the "golden days of '49."

THE FINANCIAL statement cover of the Cleveland Trust Company is very strong and artistic. A good paragraph used on the back of the folder reads:

"Cleveland this year observes its 125th birthday. Few cities can present the record of achievement that has transformed Cleveland from a frontier wilderness into the fifth city of the land—a city whose many and varied industries make it a powerful commercial center.

SOME VERY GOOD "Consult Your Broker" copy is used by the Bluefield (W. Va.) National Bank as follows:

Your banker should be your counsellor. You may take your plans to his desk for two reasons: first, that you may have the advice and comment of a seasoned business man; and second, that you may have his cooperation in carrying out your plans. Your banker wants to work with you. He will not discourage your plan if it is a sound one; he can work with you most effectively when he knows your plan.



To Our Guests The American Prison Congress Greeting:

We are pleased to see you in your homelands and to know that the different situations observed you are at all. Some of us thought you might be able to share the life, struggling for the moment that is not an institution of your profession.

It is a far cry from the British Isles and from the old, happy lands of the North Atlantic to the United States, and the life and work of the prison is a far cry from the life and work of the prison in the United States. The life of the prison is a far cry from the life and work of the prison in the United States. The life of the prison is a far cry from the life and work of the prison in the United States.

The average person would think of the prison as a place of punishment and of the prison as a place of punishment. The average person would think of the prison as a place of punishment and of the prison as a place of punishment. The average person would think of the prison as a place of punishment and of the prison as a place of punishment.

Every man is a man, and every man is a man. Every man is a man, and every man is a man. Every man is a man, and every man is a man. Every man is a man, and every man is a man.

When we have no more, and we have no more. When we have no more, and we have no more. When we have no more, and we have no more. When we have no more, and we have no more.

Even the Dark Ages were not so dark. Even the Dark Ages were not so dark. Even the Dark Ages were not so dark. Even the Dark Ages were not so dark.

The Barnett National Bank
OF JACKSONVILLE
A Florida Landmark

This Florida bank makes a specialty of occasionally addressing its advertising to the delegates of conventions that assemble in Jacksonville.

There are some mighty good safe bonds and investments to be obtained at this time. Consult your banker and beware of the "get-rich-quick salesman" who promises too much. You are the one that is taking the risk. Your banker will keep you in the right path. Consult him if you wish to make an investment.

THE NEW YORK TRUST COMPANY has issued a booklet describing the new vaults of its Fifth avenue office at Fifty-seventh street and Fifth avenue, New York. The booklet is excellent typographically and contains a description of the vaults illustrated by a number of photographs.

THE FOLLOWING is from the house organ of the Marine Trust Company of Buffalo and contains a good suggestion for new business department managers:

Seventh Avenue

WHEN you mention that extremely popular thoroughfare today, it immediately conjures visions of immense activity as centered about magnificent Pennsylvania Station with its massive columns, its taxis and its ever-bustling, bustling crowds—the stately Hotel Pennsylvania and the many industrial buildings in that vicinity, that house the great garment factories, furriers and the numerous other allied concerns—and finally the new Penn Terminal Building, the home of the Terminal Exchange Bank of New York.

The rapid growth and transformation of that section of the city, the influx of the great industries and the subsequent erection of the many new mercantile edifices are the prime factors for the establishment of this new commercial bank, where the manufacturers, merchants and business men of the neighborhood can take full advantage of the seasoned advice and the personal experience and attention of its officers and directors.

**TERMINAL
EXCHANGE BANK
OF NEW YORK**

Seventh Avenue at Thirtieth Street

A simple lay-out and yet forceful on account of its quiet dignity.

One Hundred Years of Commercial Banking

Announcement

To Our Customers and the Public:

The CHATHAM AND PHENIX NATIONAL BANK of the City of New York, organized in 1812, has the honor to announce that it has been re-incorporated under the laws of the State of New York, and has been re-chartered for a term of years, and has been re-authorized to do business as a National Bank of the City of New York.

L. J. Hatfield

For more than a century this Bank has been identified with the commercial and industrial progress of the City of New York.

RESOURCES

Assets: \$10,000,000.00
 Capital: \$2,000,000.00
 Surplus: \$1,000,000.00
 Undivided Profits: \$500,000.00
 Total: \$3,500,000.00

Office: 110 Broadway, New York City

MAIN OFFICE
 110 BROADWAY
 CORNER LIBERTY STREET

THE CHATHAM AND PHENIX NATIONAL BANK OF THE CITY OF NEW YORK

Designated Depository of THE UNITED STATES THE STATE OF NEW YORK THE CITY OF NEW YORK

Resources Over One Hundred and Fifty Million Dollars

Depicting city locations in a graphic manner.

In almost every block or two of each business section of the city there is always some store window containing a big printed sign: "The Brown Company will move from this location to its new store on street on or about September first." Or possibly the sign will read, "After remodeling is completed, Mary G. Smith will open a Hat Shop here."

Such information as this is of great value to the bank in securing new business, particularly, because of the convenience of our branches. Some concern established down town which has done business for years with another down town bank, may be moving up town or opening a branch store near one of our offices. While before we have never been able to secure their business, with their change of address, the convenience of one of our offices may be just what is needed to secure their account.

Keep your eyes open and notify the new business department of all such signs which may come to your attention.

THE SECURITY TRUST AND SAVINGS BANK of Los Angeles has issued in booklet form the series of advertisements headed "Letters of a Bank to Its Depositors" which have been running in the local newspa-

pers. These advertisements which were all signed by the president, J. F. Sartori, were four columns by eleven inches and were in exact fac-simile of the bank's letter head. Even if the text were not read with attention, the conspicuousness of them caught the attention and impressed the memory of the casual reader. Compared with the cost of sending a similar series of letters to each of the 124,000 deposit accounts, the expense of the publication of these sixteen advertisements in five newspapers with an aggregate daily circulation of more than 485,000 copies, was about two-fifths of what a mail campaign would have cost.

HERE IS MATERIAL for a good advertisement showing the value of A. B. A. checks. We quote from *The Pyramid* published by the Bankers Trust Company of New York:

"Thanks for the bag and money, but I can't use the A. B. A.

Checks," was the gist of a letter received by a lady who was robbed of her handbag while traveling in California. The pick-pocket returned the checks.

The following was received the other day by our travelers check department from the young lady:

"My checks have been returned to me but not the handbag. They thanked me for the bag and small amount of money as they needed them badly. Have turned over the note they left and a description of the person, from the lady that answered the bell, to the police. I am in hopes I may recover my handbag.

"Will the checks be good after this reaches you? I don't believe the city detectives care much about chasing up handbags—too small game."

THE DOLLAR SAVINGS and Trust Company of Youngstown, Ohio, has issued a second edition of their booklet entitled "Prosperity Proverbs." The first edition proved so popular that it was soon exhausted. The second edition contains the contents of the first with a number of new proverbs added.

MANY BANKS find it convenient and effective to issue a booklet giving complete information about the bank and the various services which it is capable of performing. Such booklets often contain a brief history of the bank, a list of its officers and directors, a statement as to its deposits and resources, etc., a description of each department and how it should be utilized by the customer, and also in some cases some simple facts about banking such as a novice might not know. These booklets are distributed to all present depositors and to all new depositors. Some of the best that have come to our attention recently are these issued by the Savings Bank of Utica, N. Y., the Illinois Trust and Savings Bank of Chicago, and the Hamilton National Bank of Chattanooga, Tenn.

THE IRVING NATIONAL BANK of New York has published a booklet entitled "Business Management for Your Personal Business," which tells in a human, interesting manner how the trust division of the bank can serve "you and your heirs."

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

- A**
 Adams, F. C., mgr. pub. dept., Nat'l Bk. of Kentucky, Louisville, Ky.
 Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
 Alfriend, R. J., Jr., asst. cash., Virginia Nat'l Bank, Norfolk, Va.
 Allen, W. S., pub. mgr., Southwark Nat'l Bank, Philadelphia, Pa.
 Anderson, R., asst. cash., Norwood Nat'l Bank, Greenville, S. C.
 Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
 Ansley, D., Central Tr. Co., San Antonio, Tex.
- B**
 Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
 Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
 Baley, J. S., mgr. dept. analysis, Nat'l Bk. of Republic, Chicago, Ill.
 Banco di Roma, head office, Rome, Italy.
 Banco Mercantill Americano del Peru, Lima, Peru, S. A.
 Bankers Magazine, The, New York.
 Baty, E. N., mgr. new bus. dept. Englewood State Bk., 63d St. & Yale Ave., Chicago, Ill.
 Bauder, R. E., Union Bank Bldg., Chicago, Ill.
 Baugher, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
 Berry, C. F., adv. mgr., Union Trust Co., Detroit, Mich.
 Bell, H. W., dir. serv., Svgs. Bank of Utica, N. Y.
 Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
 Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
 Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
 Bize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
 Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
 Block, R., pub. mgr., Citizens Trust Co., Buffalo, N. Y.
 Bolla, Rodolfa, American representative, Banco di Roma, 1 Wall St., N. Y.
 Boyd, W. A., vice-pres., 1st Nat'l Bank of Ithaca, N. Y.
 Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
 Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
 Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
 Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
 Burton, E. C., V.-P., Pennsylvania Nat'l Bank, Chester, Pa.
 Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
 Busbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.
- C**
 Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
 Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
 Clabaugh, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.
 Coon, H. J., 68 Farnham Ave., Toronto, Canada.
 Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
 Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
 Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.
- D**
 Davy, C. C., Atty. East Side Svgs. Bank, Rochester, N. Y.
 Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
 De Beblan, A., adv. mgr., Equitable Tr. Co., N. Y.
 Delly, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
 Delson, L. E., pub. mgr., Central Tr. Co., of Illinois, Chicago, Ill.
 De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
 Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.
- E**
 Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
- Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.**
 Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.
 Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.
- F**
 Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.
- G**
 Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
 Gatling, N. F. V. P., Chatham & Phenix Nat'l Bank, N. Y.
 Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, N. Y.
 Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
 Gonthier, H. G., dir. pub., Bank of Hochelaga, 112 St. James St., Montreal, Que.
 Grimm, H. B., mgr., bus. ext. dept. Security Tr. Co., Detroit, Mich.
- H**
 Haggerty, L. A., asst. treas., Anthracite Tr. Co., Scranton, Pa.
 Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
 Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
 Hammond, R. P., bus. serv. dept., Second Ward Securities Co., Milwaukee, Wis.
 Hamsher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
 Handerson, C. H., Union Tr. Co., Cleveland, O.
 Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
 Heuchling, F. G., vice-pres., Northwestern Tr. & Svgs. Bank, Chicago, Ill.
 Higgins, A. E., adv. serv., 2929 B'way, N. Y. C.
 Higley, J. N., adv., dept., 1st Nat'l Bank, Youngstown, Ohio.
 Hirt, E. C., Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
 Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
 Hodgins, J. H., pub. dept., Union Bank of Canada, Winnipeg, Manitoba, Canada.
 Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
 Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
 Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
 Hosbach, J. T. A., 4th St. Nat'l Bank, Phila. Pa.
 Hotz, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
 Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
 Hunter, H. G., vice-pres.; treas., Kansas City Terminal Tr. Co., Kansas City, Mo.
 Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.
- I**
 Izant, R. J., adv. mgr., Central Nat'l Bank Svgs. & Tr. Co., Cleveland, Ohio.
- J**
 Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
 Johnson, E. W., Warren Nat'l Bk., Warren, Pa.
 Johnson, S. W., mgr., new bus. dept. Seaboard Nat'l Bank, Norfolk, Va.
 Johnson, W. H., Jr., adv. dept., Marine Tr. Co., Buffalo, N. Y.
 Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.
- K**
 Keeton, M., mgr. svgs. dept. Merchants & Farmers Bank, Meridian, Miss.
 Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
 Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
 Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.
- L**
 Langstroth, E., New York Trust Co., N. Y. C.
 Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.

- Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
- Lerner, V. A., comp., Williamsburgh Svgs. Bank, Bway & Driggs Ave., Brooklyn.
- Lyons, W. S., Union Trust Co., of D. C., 15th & H Sts., Washington, D. C.
- M**
- McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
- McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
- Malcolm, S. D., gen. mgr., adv. dept., American Express Company, N. Y.
- Matthews, H. B., adv. mgr., S. W. Strauss & Co., 5th Ave. at 46th St., N. Y. C.
- Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.
- Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
- Merrill, R. E., Gardner Tr. Co., Gardner, Mass.
- Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
- Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
- Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
- Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
- Morrish, W. F., vice-pres., Security Bk. & Tr. Co., San Francisco, Cal.
- Morrow, P. E., care of Hackney & Moale Co., Asheville, N. C.
- Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.
- Muralt, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.
- N**
- Newton, E. V., mgr. bus. dept., Garfield Svgs. Bank, Cleveland, Ohio.
- Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.
- O**
- Oakes, R. W., asst. secy., Watertown Savings Bank, Watertown, N. Y.
- Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.
- P**
- Peede, L. G., bk. serv. dept., Abbott-Brady Prtg. Corp., 460 4th St., San Francisco, Cal.
- Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
- Poole, John, pres., Federal National Bank, Washington, D. C.
- Potter, H. E., asst. cash., Citizens Commercial & Svgs. Bank, Flint, Mich.
- Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
- Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.
- R**
- Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
- Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
- Reese, R., Minnesota Loan & Tr. Co., Minneapolis, Minn.
- Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
- Rittenhouse, C. M., Farmers Loan & Tr. Co., N. Y. C.
- Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
- Ryland, C., mgr., new bus. dept., American Nat'l Bank, Richmond, Va.
- S**
- Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
- Sciater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
- Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
- Sellew, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
- Sherrill, W. M., Wyoming Nat'l Bank, Wilkes-Barre, Pa.
- Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
- Simons, M. M., asst. treas., Farmers & Merchants Tr. Co., Greenville, Pa.
- Sinter, W. H., 122 Dithridge St., Pittsburgh, Pa.
- Sloan, L. H., Nat'l City Bank, N. Y. C.
- Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
- Smith, A. T., mgr. special serv. dept. Industrial Svgs. Bank, Flint, Mich.
- Smith, E. L., asst. cash., American Tr. & Bkg. Co., Chattanooga, Tenn.
- Spencer, L. F., V. P., 1st Nat'l Bk., Ridgewood, N. J.
- Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.
- Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
- Stein, R., asst. cash., American Union Bk., N. Y.
- Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
- Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n., South Bend, Ind.
- Streicher, J. H., new bus. dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.
- Sullivan, T. J., pres., American Press League, 11 S. LaSalle St., Chicago, Ill.
- T**
- Tait, A. Gordon, pub. mgr., Royal Bank of Canada, Montreal.
- Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
- Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
- Thurston, W. B., Jr., mgr. for. dept. Merchants Nat'l Bank, Baltimore, Md.
- V**
- Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
- Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.
- W**
- Wadden, J. W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.
- Wadden, T. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
- Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
- Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
- Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
- Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
- Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
- Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
- Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
- Woolford, Withers, Bank of America, 44 Wall St., N. Y.
- Wormwood, C. K., adv. mgr., 1st Nat'l Bank, Haverhill, Mass.
- Z**
- Zambrano, A., Jr., care of A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.
- Zimmer, C. R., 1st Nat'l Bank, Emporium, Pa.
- Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
- Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.

NEW NAMES

Judd, S. P., pub. mg., Mercantile Tr. Co., St. Louis, Mo.



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Allied Indebtedness to the United States

Reinvestment Proposed in European Enterprises, Also a World Bank Suggested

AFTER having studied economic conditions in Europe for several months, Frank A. Vanderlip, former president of the National City Bank, delivered an address before the Economic Club in New York on November 28 in which he proposed that as the sums due on Allied indebtedness were paid to this country they be reinvested in European enterprises. Some time prior to the date of this address Mr. Vanderlip had suggested the establishment of a world bank for handling European credits. His address and the plan for the bank follows:

Toward the close of the war President Wilson put into words of high spiritual meaning the very essence of the best American aspirations for peace. His words inflamed all Europe with a passionate hopefulness that there had come into the world of international relationships a new note of fairness and good-will. Such a wave of idealism swept through the common people of Europe as had never before been witnessed in all history.

Those ideals were hopelessly crushed at Paris. Not one of them remained when the treaties were written, and Europe fell back into something far worse than its old-time cynicism. It is a commonplace to say that the greatest opportunity to benefit humanity that ever came to any man lay at one moment in the hands of Woodrow Wilson. The opportunity passed. Hopes were not realized.

SAME OPPORTUNITY TODAY

Today that same opportunity lies at the feet of America as a nation. Its fate no longer rests in the hands of one individual; it is the responsibility of a whole people. Having in our hands the opportunity to do an incalculable service to mankind it remains to be seen whether, as a nation, we will rise to that opportunity, whether we will perform the service that is before us, or whether as a nation we too shall fail.

Large sections of Europe are backward, judged by our standards. Backward though they may be, they are bursting with latent possibilities for development.

EASTERN EUROPE

A study of eastern Europe has aroused in my mind a vivid program. I believe a plan for the development of eastern Europe could be



FRANK A. VANDERLIP

Who has been studying economic conditions in Europe for several months

laid out which might well be compared to the vision our forefathers had when the latent possibilities of our great West were unfolded to their minds.

I do not mean that eastern Europe is a wilderness. In opportunity for development it is vastly richer than any wilderness. There is everything at hand there except education, economic organization, the application of enlightened methods to production and the harmonizing of blind racial antagonisms.

FIND SPENDING TO IMPROVE DIFFICULT

Curiously as governments are organized in this world and time, they find it impossible to make expenditures for those very objects which would be of the greatest possible value in improving civilization. Moved

as we are, governed as we are, it is possible for nations to raise by taxation huge sums, provided those sums are devoted to certain purposes. Without much grumbling a nation will tax itself to build at frequent intervals a \$40,000,000 battleship. It will tax itself to support a great army and to maintain a too numerous civil service. As a matter of course European nations tax themselves vast sums to pay for the costs of past wars and to provide against the possibilities of future wars.

REFRAIN FROM BETTER THINGS

While a nation will, with prodigal hands, spend money on those things which have furnished the chief items of national budgets for a thousand years, it will at the same time refrain from doing an endless number of things which, if done, would profoundly affect for the better the nation's future and profoundly influence for the better the course of civilization.

Most of such admirable projects are now left to be worked out in a puny way by an occasional philanthropist or, far more often, left altogether undone. Any one with wide experience and awakened imagination knows that it would be possible to make expenditures of a character, now rarely, if ever, sanctioned by the taxpayers, the return upon which, in terms of the welfare of mankind, would be incalculably greater than is the return from most of the objects upon which Government incomes are lavished.

It is to such a program that I would devote for many years every dollar we can get of this debt.

I believe if the money was thus wisely expended, one of the results would be such marked economic improvement in Europe that in time every dollar of these debts could be paid.

A REVOLVING FUND OF CREDIT

A considerable part of what we received might well be used as a revolving fund of credit. It could be loaned to nations to help them accomplish specific purposes; purposes which we had carefully analyzed and believed to be economically sound and for the general good; purposes which would accomplish substantial and permanent economic and social results. The funds so loaned could in time be repaid. If the purposes for which they had been used were economically sound, they could be repaid without difficulty, and could then be similarly reloaned over and over again, and ultimately paid back to us.

Europe needs better transportation. We could help provide it. Europe needs a great development of its ample hydroelectric power in order that it may have cheaper motive power, and may economize its far too small fuel supply. We could aid in initiating such projects. There are cities in eastern Europe that need better systems of

sanitation. Such provision would be of great economic importance. We could give impetus to it.

HYDRO-ELECTRIC POSSIBILITIES

If time permitted, I would lay before you a much fuller exposition of the possibilities of economic development. I would emphasize what might be done for Italy and Austria in developing great hydro-electric possibilities. If we took only six months' interest, \$250,000,000, and put it into hydro-electric development, taking in exchange a mortgage in that development, we should have provided in those two countries for a saving in coal imports which would materially help them balance their foreign trade and we should obtain for ourselves a sound security which would ultimately be repaid.

If we would devote the income for a few months toward equipping eastern Europe with a modern grain elevator system, we would have conferred a material blessing on eastern peasants and western consumers alike, stimulating production and helping to turn stagnant trade into a swift stream of commerce.

Some part of what we received, however, would probably be spent without possibility of direct return. If such expenditures were wisely made, the indirect return would be enormous. There could be written a financial prospectus of what might be accomplished by the wise spending of \$500,000,000 a year which would be the most fascinating financial document that was ever prepared.

Mr. Vanderlip said he believed that America was qualified to undertake the task he had outlined and mentioned as reasons for this belief the work of the American Relief Administration under Herbert Hoover and the work of other American organizations in Eastern Europe, specifying Robert College and the Women's College in Constantinople.

REAL SOLUTION A SPIRITUAL ONE

Believing, as I profoundly believe, that the real fundamental solution of Europe's difficulties is a spiritual one, Mr. Vanderlip continued, believing that with a continuance of these blind racial hatreds peoples must economically perish, I am convinced that to multiply such institutions as Robert College and other equally efficient institutions with similar aims, would be a great and fundamental step in the regeneration of Europe. I believe, too, that America has men of the high purpose and broad vision which will make them sound leaders for such a movement. I am confident that enough work of this sort has already been done to create a prestige for America, which will make a larger effort of this character a welcome one.

Let us look at the matter from another

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angle, the angle of food production. No one who has traveled in eastern Europe with open eyes can avoid the impression of tremendous latent agricultural possibilities. Take the illimitable grainfields of Rumania, and South Russia, for example. There is no better land in the world. No lands are more beautifully adapted to the possibilities of almost unlimited improvement of productivity if scientific methods and modern machinery are brought into play.

These wonderful grainfields of South Russia, now plowed in a way that but scratches the surface by the diminutive ponies, which in the main compose the working farm animal population, produce on an average six bushels of wheat to the acre. Intelligent instruction, better seed and better breeds of farm animals, the introduction of modern machinery, and an arrangement by which small holdings are united under co-operative associations so that the full benefit of motor-driven farm machinery can be realized, will easily result in producing three times their prewar product.

COMPENSATION FOR WAR LOSSES

A work can be done in educating the peasants of eastern Europe to better agricultural methods which will compensate most of the losses of the war; to do that will require only a little capital and a large

amount of high-minded, unselfish service. Such an undertaking as I propose could readily accomplish that.

Is this a plan that would build up difficult competition for our own farmers? Not at all. It is a plan which would help feed a Europe which may otherwise be but partially fed and help restore to Europe the economic power which will make her a greater customer of America than she has ever been before.

I would not plan to take from England, France and Italy the last dollar that could be forced from them to pay their debt to us, and then spend it all in eastern Europe—great as the indirect recompense of such an expenditure would be in benefiting those western nations. On the other hand, I would not presume to impose our ideas of culture upon those already highly cultivated nations. So far as they were ready to accept grants for purposes for which they are, for the time being at least, incapable of providing by direct taxation, purposes that they themselves would recognize will work out for their ultimate great benefit. I would let a portion of the money that they paid us be expended within their own borders.

I would propose to England the establishment of great scientific laboratories. With her genius for sound scientific research she would, through a stimulation of

technical education and scientific investigation, give to the world new knowledge of incalculable value.

I would give to Italy, if she agreed to have it, the means for establishing great schools of applied art, so that the tremendous genius for handicraft which the Italian possesses may be turned into channels which will produce goods to enrich the world.

FRANCE A PROBLEM

I admit that it would be more difficult to plan such contributions for France. I have memories of service as a director of the Society for Aiding French orphans. France rests in the belief—and with no small amount of sound reason—that her culture is already so perfect that she would not accept such expenditure if it came with a touch of American direction. In that field we ought to proceed with caution and modesty and good taste; but even France might agree that some of the money she paid us could, in turn, be expended upon objects in France that would work out for the benefit of mankind.

I would not make the expenditure on such a program as I am trying to outline wholly a matter of American direction. Remember there must be no relation between the payment of the debts and the expenditure. The debts are just and should be paid. But I would draw upon the culture, the training, the special knowledge, the high purpose of the best of Europeans to aid in formulating the program and in administering it, always keeping the control of the situation, however, in our hands, for it would be our money that was being expended.

Mr. Vanderlip said that the United States need not make an irrevocable decision in embarking upon this program, and that, while he believed it would be wise to expend all the United States received in payment for a good many years in the way he suggested, it was probable that there would be such an economic restoration of Europe that a considerable part of the principal, perhaps nearly all, might eventually come to the United States.

If we insist upon the letter of our claim, our claim will in all probability never be met, he said at the end of his speech. If we insist upon it selfishly, we will realize in hatreds, but not in cash. If we are generous and wisely generous, those claims can all be paid, and the good we do with them will mean more to us materially than anything we could conceivably be parting with.

TEXT OF THE WORLD BANK PLAN

The text of Mr. Vanderlip's suggestion for a gold reserve bank of the United States of Europe is as follows:

1. The proposition is to organize a banking corporation with a paid-in capital of \$1,000,000,000 gold. This bank should be organized as a sort of "super-corporation," that is to say, it would be better if it were not organized under the laws of any particular country. Its corporate existence might be created through the League of Nations, or in some way that raised it above any particular nationality.

2. The capital would be \$1,000,000,000 in gold with power to increase, the capital being divided into shares of \$100 each. Subscription to these shares would be open to any one able to subscribe and pay in gold. As America at the present time holds the predominating stock of free gold, it is presumable that the bulk of the initial subscriptions would come from that country. It is not proposed, however, that America should be necessarily the permanent lodgment of the stock, and provisions are proposed under which all stock might in the future be purchased by Europeans. With that in view, the stock would be issued in two classes. The stock subscribed for by Americans would be designated Stock "A." That subscribed for by Europeans would be designated Stock "B." The two stocks would be absolutely identical in all respects except that Class "A" stock would be subject to retirement by call at \$120.

3. The affairs of the corporation would be controlled by a court composed of nine trustees who would be named in the articles of organization, five of these to be Americans and four to be Europeans. There would also be nine alternate trustees, similarly divided between America and Europe, any one of whom might act in the absence or disability of any trustee, and when so acting would have all the powers of a trustee. The aim would be to form this board of trustees of men of the very highest character and widest financial experience; men who would rise above even national selfishness, and from whom might be expected a devotion to the general financial rehabilitation of Europe. They would hold the position for life or until reaching an age limit. They would have to free themselves from all other financial connections, and in the event of their resignation should agree not to engage in any banking business until after an interval of five years.

FEDERAL RESERVE APPROVAL NEEDED

4. Vacancies in the board of trustees would be filled cooperatively; that is, the remaining trustees would elect a new trustee, but no new trustee should be elected who was not approved by a majority of the

individual members of the Federal Reserve Board at Washington.

5. The provision in regard to such approval by the Federal Reserve Board at Washington, as well as the provision that five of the nine trustees should be Americans, would both lapse when the conditions set forth in Paragraph 23 had been met. The conditions applying to the trustees would also apply to the alternate trustees.

5. The trustees should elect a governor general and a deputy governor general from among their members. The governor general would preside at their meetings and perform such duties as the executive head of the organization as the trustees might designate. The governor general should, until the conditions set forth in Paragraph 23 are met, be a citizen of the United States.

7. There would be organized in each of those European nations which invite the establishment of a branch of the Gold Reserve Bank of the United States of Europe a banking corporation, created under special legislative act. These several banks will be referred to hereafter as "Gold Reserve National Banks." The capital of each would be in gold dollars and in such amount as might be decided on by the trustees. All the capital of each Gold Reserve National Bank would be subscribed and paid for out of funds of the Gold Reserve Bank of the United States of Europe.

8. Each gold reserve national bank would be managed by nine governors who would be appointed and hold office at the pleasure of the trustees of the Gold Reserve Bank of the United States of Europe, hereafter referred to briefly as the "trustees." Three of the nine governors of each gold reserve national bank should be experienced bankers. Three should be selected from among men well qualified by character and position to represent the interests of the general public, and three should be selected to represent specifically the interest of agriculture, industry and commerce. The nine governors of each gold reserve national bank would probably be citizens of the country in which the bank is located.

9. The trustees should appoint an additional governor of each gold reserve national bank, who would be the chairman of the board, but who need not be a citizen of the country where the bank is located. A deputy would be appointed to act in the absence or incapacity of the chairman, who would be a citizen of the country.

10. The board of governors of each gold reserve national bank would elect from their members a governor general and a deputy governor general who would be the chief executive officers, and in whom would repose such powers as the board of governors might delegate to them.



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PREREQUISITES FOR NATIONAL GOLD BANKS

11. A prerequisite to the establishment in any nation of a gold reserve national bank should be:

A—An official invitation by the Government of the country concerned to establish such a bank.

B—The furnishing, free of all expense, by the Government of an adequate building, equipped for the purposes of the business; this building and the ground upon which it stands to be given the same ex-territorial rights as those enjoyed by a foreign embassy.

C—An undertaking that there will in the future be no hampering legislation enacted against the free circulation of the notes of the Gold Reserve Bank of the United States of Europe, nor against their free exportation and importation; nor against the making of contracts payable in these notes; nor against the opening of deposit accounts in these notes in other banks.

D—In lieu of all taxes, present and future, either against the reserve bank or upon its circulating notes, there would be paid to the Government of the country in which the gold reserve national bank is located, the profits of the bank, with such

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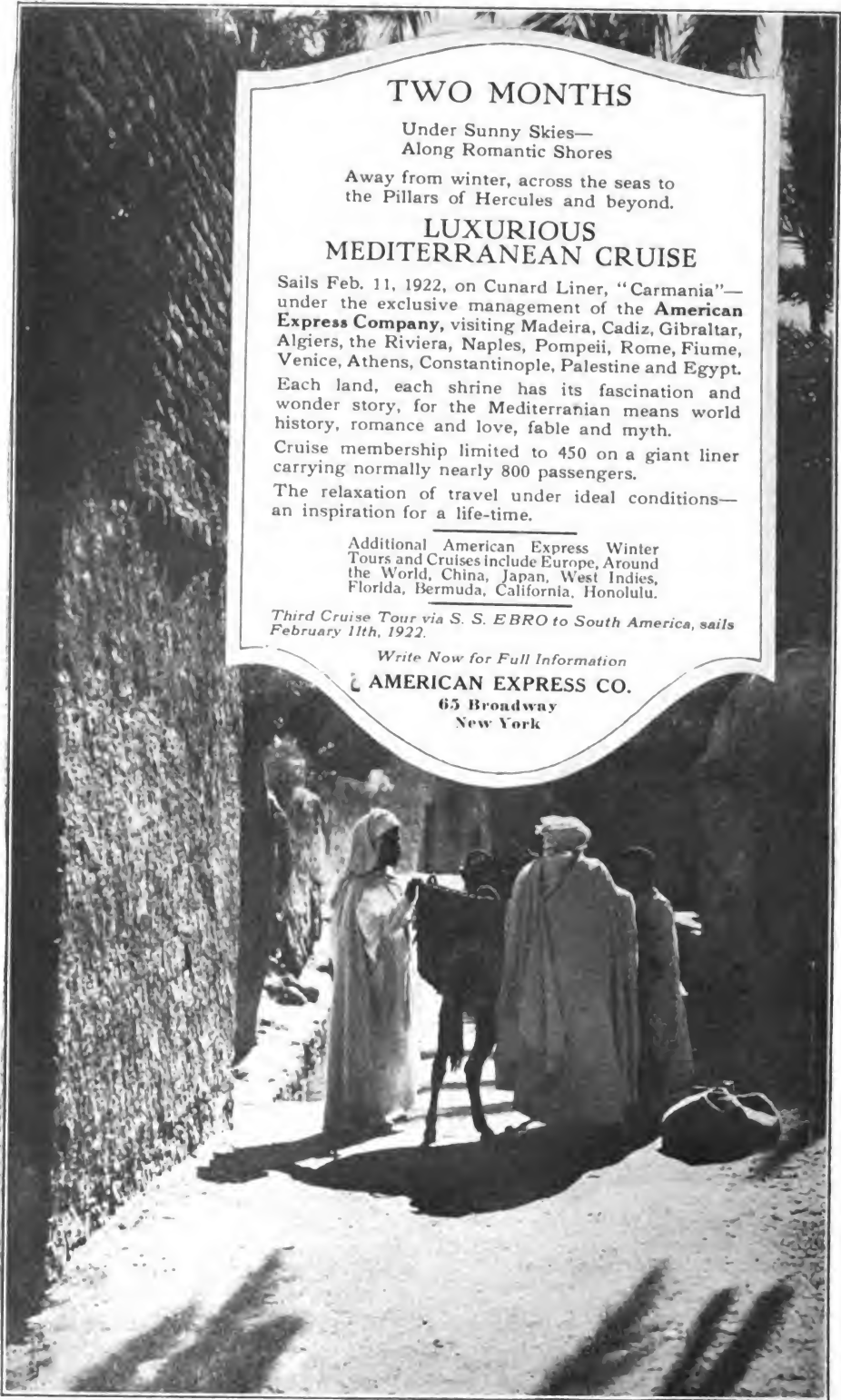
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exceptions as are set forth in Paragraph 19.

12. In the making of loans and the receipt of deposits each gold reserve national bank would deal solely with incorporated commercial banks and not with individuals. It would make loans only against collateral to an amount equal to 150 per cent. of the loan made. The collateral must be short term commercial paper, having not over sixty days to run, or at most not over ninety days to run, arising out of legitimate commercial transactions and strictly of a character known as "self-liquidating" paper.

18. "Self-liquidating" paper must be sharply differentiated from advances of capital. To illustrate: The ideal type of "self-liquidating" paper is a loan against produce during the period of its transport from the grower to the consumer, or a loan against raw material during the process of manufacture and until the manufactured goods are sold, or a loan against merchandise that is paid when the merchant markets the merchandise bought with the proceeds of the loan.

NO LOANS MADE AGAINST BONDS

14. No loans would be made against stock, bonds or mortgage collaterals or against Government bonds, but if a Government was engaged in self-liquidating commercial operations, such as the purchase of grain for resale to its nationals, the paper arising out of such a transaction, bearing the indorsement of a bank, might be rediscounted the same as other commercial paper, if the transaction were on legitimate commercial lines and the paper clearly "self-liquidating."

15. A bank wishing to rediscount commercial paper at the gold reserve national bank would have to furnish a satisfactory statement of its condition and to submit to periodical examination by accountants representing the trustees; and would have to furnish satisfactory information regarding the credit of corporations, firms or individuals whose paper was rediscounted. Evidence would also have to be furnished that the rediscounted paper arose out of legitimate commercial transactions and that these

transactions were of the type known as "self-liquidating."

16. The trustees would have power to direct any gold reserve national bank to loan to any other gold reserve national bank against a collateral deposit of endorsed commercial paper.

17. The Gold Reserve Bank of the United States of Europe would have power to issue circulating dollar notes in such form denominations as the trustees should designate; and to make advances of these notes to various gold reserve national banks against deposits of gold or of gold and endorsed commercial paper. Against advances of circulating notes the Gold Reserve Bank of the United States of Europe must always receive a minimum of not less than twenty per cent. of gold, and must keep good a twenty per cent. gold reserve back of all outstanding notes.

18. The rate of discount fixed by the governors of the various gold reserve national banks must have the approval of the trustees. It would vary at the different banks and a progressively increasing rate might be charged by the gold reserve national bank to banks borrowing from it, as the amount of their borrowings increased in proportion to their capital.

DISTRIBUTION OF EARNINGS

19. The earnings of the gold reserve national banks shall be distributed in the following manner:

A dividend of eight per cent. should be paid to the Gold Reserve Bank of the United States of Europe upon the stock of the gold reserve national bank held by it. Three-quarters of the remaining earnings should be allowed to accumulate as a surplus until the surplus amounts to twenty per cent. of the capital of the gold reserve national bank, after which one-fourth would continue to be accumulated as surplus, and one-half would be paid to the Government of the country in which the bank is located in lieu of all taxes of every description upon the bank or its circulation. When the surplus of the gold reserve national bank

reaches fifty per cent. of its capital, the full three-quarters of the earnings above referred to would go to the Government of the country in which the bank is located, so long as the bank's surplus is maintained unimpaired at fifty per cent. of its capital. The remaining one-quarter of the earnings, after the regular dividend of eight per cent. has been paid upon the stock, would be declared as extra dividend and be paid to the Gold Reserve Bank of the United States of Europe.

20. All stockholders of the Gold Reserve Bank of the United States of Europe would be paid a regular dividend of three per cent., if earned, and in addition an extra dividend amounting in the aggregate to the total extra dividends received from the several gold reserve national banks. All the expenses of administration of the Gold Reserve Bank of the United States of Europe, including the salaries of the trustees, the cost of printing and distribution, circulation, etc., would be apportioned to the several gold reserve national banks and should be paid by them as operating expenses.

21. Presumptively, the bulk of the initial subscriptions to the stock of the Gold Reserve Bank of the United States of Europe will come from America. It is not the design to perpetuate the American participation nor control beyond such time when the European nations are financially reconstructed, and when they may desire to have the stock owned either by their Governments or their nationals. It would be provided, therefore, that all stock initially subscribed for by Americans, and known as Class "A" stock, would be callable by lot at \$120. Whenever the Government of a country in which a gold reserve national bank was located notified the trustees that it desired to have delivered to it, or through it to any of its citizens or financial institutions who were prepared to invest in the stock, blocks of stock of \$10,000,000 or multiples thereof, the trustees would call by lot such an amount, par value, of Class "A" stock and the holders of it should surrender it at \$120 per share and accrued dividends.

CLASS "A" WOULD HAVE NO PREFERENCE

The Class "A" stock would have no preference of any kind over the other stock but would be subject to the disability that it may be called at \$120 and reissued as Class "B" stock, against which no such disability attaches, Class "B" stock not being callable. The amount of stock which any Government might ask to have sold to it or its nationals in this way may not be a greater percentage of all Class "A" stock than the ratio of the capital of the gold reserve national bank located in the country in question to total capital of the Gold Reserve Bank of the United States of Europe.

22. Whenever seventy-five per cent. of the

Class "A" stock has been converted into Class "B" stock the provision regarding the five American trustees and the provision regarding the approval of new trustees by a majority of the individual members of the Federal Reserve Board of the United States should lapse.

23. It is the aim of this plan to create an organization which would not be controlled by the financial interests owning the stock, and so insure that there would be no contest between different Governments or nationals to acquire stock for the purpose of influencing the management of the Gold Reserve Bank of the United States of Europe. It might be provided, however, that the charter or organization document which constituted the fundamental law under which were administered the affairs of the Gold Reserve Bank of the United States of Europe could be amended, after seventy-five per cent. of the Class "A" stock had been converted into "Class 2 B," provided three-quarters of the stockholders united on a program for some new plan of management. It should be provided, however, that such a change in the fundamental law could not take place unless the remaining holders of Class "A" stock received an offer, good for ninety days, of \$120 per share and accrued dividends, or were given the opportunity at their option to change the remaining Class "A" stock into Class "B" stock.

NOTES REDEEMABLE IN GOLD

24. The circulating notes of the Gold Reserve Bank of the United States of Europe should, under normal conditions be redeemable on demand in gold, and for the purpose of redemption there would always be on hand a gold cover of at least twenty per cent. It is obvious, however, that in the present state of universal distrust of all forms of paper money, any financial institution issuing circulating notes and offering at once to redeem them in gold coin, might find that its gold reserve was withdrawn as rapidly as the notes were put out. Any plan of the character here proposed could not work in a community which used the notes only, to draw out the gold, and hoarded the gold. If such an endless chain was permitted to pump the gold out, so that it went immediately into hiding, the usefulness of the bank would be minimized. While it is the intention to create a currency that should be redeemable in gold and for which gold could be had at any time on demand, that desirable condition could only be attained in time, and after general confidence in sound bank notes had been restored.

25. If the withdrawal and hoarding of gold should be carried on to a degree that impaired the usefulness of the bank, trustees should have the power for the time being to suspend the redemption of the notes in gold, and they should also permanently have the power of suspension in the event of

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war or other great crisis. The provision regarding this power to suspend the gold redemption of the notes would need to be drawn with great care. Merely the principle involved is here mentioned. Redemptions of currency in gold would only be made when the notes were presented by a bank, and not on individual presentation.

MR. VANDERLIP COMMENTS ON PLAN

The suggestion in regard to the plan to form a gold reserve bank for all the countries of Central Europe, which is herewith presented, has been formulated as the result of an extensive economic study of actual conditions in twelve countries, and is presented at the request of a considerable number of persons in authoritative government positions, who have asked me for some suggestion designed to form a stable currency. It is not presented as an American proposition, but as a prescription which I would recommend to the currency-sick countries of Europe.

If it appeals to the Governments of these countries and a sufficient number of them indicate their adherence to the idea, the subject should then be taken up with financial interests in America, or anywhere else that subscriptions in gold might be obtainable for the stock of the bank. I do not pretend to speak with any authority as to whether or

not so huge a sum as \$1,000,000,000 in gold could be raised, but it is my individual belief that the plan presented is a sound banking measure applicable to the present chaotic situation in Europe, and if the nations of Central Europe desire to adopt it, there is a fair probability that the capital would be subscribed. The operation, however, would be a difficult one, and there is no probability of the initiative being taken by capital unless the Governments concerned invite the consideration of capitalists to such a program.

The plan presented is not a universal panacea for the ills of Europe. It will not balance a budget when the expenditures are extravagant and taxation insufficient. It will not cure an adverse foreign trade balance where the country is demanding large imports and has little to export. It would, however, offer what it seems to me is now greatly needed; namely, some firm financial ground to stand on to commence the reconstruction of European finances. If it were carried out on the terms which I have suggested, that is a central bank with a capital of \$1,000,000,000 gold and a currency issue backed by a minimum of twenty per cent. of gold, it would provide the possibility of issuing \$5,000,000,000 of sound bank notes, in which the whole world would have confidence, and which would be uniform in char-



BANCO DI ROMA

ESTABLISHED 1890

HEAD OFFICE: ROME, ITALY

Capital paid-up and Surplus . \$35,000,000.00

Total Resources . . . \$1,000,000,000.00

(Five Lire—One Dollar)

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Acqui	Cecina	Legnano	Porto S. Giorgio
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Arezzo	Como	Milan	Roma
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Bagheria	Cremona	Montesampietrangeli	Sansevero
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Bagni di Lucca	Dogiliani	Monte Urano	Ligure
Bagni di Montecatini	Fabriziano	Montevarchi	Santa Maria
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Bari	Fiesole	Nardo	Sant' Antiocho
Bastia Umbra	Figline Valdarno	Nettuno	Saronno
Benevagienna	Fiume	Nizza Monferrato	Sassari
Bergamo	Florence	Nocera Inferiore	Savona
Bibbiena	Foggia	Nocera	Secondigliano
Bisceglie	Foligno della Chiana	Novi Ligure	Segni-Scalo
Bitonto	Foligno	Nuoro	Siena
Bologna	Forte dei Marmi	Oneglia	Signa
Bolzano	Fossano	Orbetello	Siracusa
Borgo a Mozzano	Frascati	Orvieto	Squinzano
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Cagliari	Gallipoli	Pagani	Terranova di Sicilia
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Camaione	Genoa	Palianza	Torre Annunziata
Campiglia Marittima	Giugliano in Campania	Parento	Torre dei Passeri
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COLONIAL BRANCHES

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England: London (Representative). France: Paris, Lyons, Spain: Madrid, Barcelona, Tarragona, Montblanch, Barlas Blancas, Santa Coloma de Queralt, Valls. Switzerland: Chiasso, Lugano. Turkey: Constantinople. Malta: Valletta. Asia Minor: Adalia, Smyrna, Scalanova, Sokia. Syria: Aleppo, Beyrouth, Damascus, Tripoli. Palestine: Jerusalem, Caiffa, Jaffa. Egypt: Alexandria, Cairo, Port Said, Manzourah, Tintah, Beni Mazar, Beni Soueff, Bibe, Dessouk, Fashn, Fayoum, Kafr El Cheikh, Magagha, Mehalla Kebira, Minish, Mit Ghamr, Zagazig.

American Representative

RODOLFO BOLLA, 1 Wall Street, New York

acter throughout the territory adopting the scheme.

WOULD NOT INFRINGE SOVEREIGNTY

The plan would not infringe upon the sovereignty of any nation; it would not tie the hands of any finance minister; it would not necessarily stop any Government from printing further currency issues of its own, or making issues from a national bank of issue of its own, although I certainly hope that its tendency would be to curb, or rather to make unnecessary, a further flood of worthless paper currency.

I offer the plan as a doctor might offer a prescription to a patient. I have visited twelve countries, and each one is ill in a varying degree, but all of the same disease. The progress of the disease has reached a point where it is extremely difficult, if not impossible, for finance ministers, no matter how clearly they may see the evils of the situation or the extreme danger of further progress in inflation, to refrain from taking steps leading to further currency depreciation. The situation in regard to the currency is in some countries becoming panicky and the decline in value has been carried to an extreme point.

Some course must be adopted that will radically change the situation, and whatever proposition is considered must be one that it is possible to carry out. Practically every one of these nations would like to borrow from America, but with the credit they present, in the form of ordinary national obligations, such borrowing in most instances, if not in all, is impossible. The plan which I propose offers a security which would be regarded by American investors as an underlyng one, and offers a prospect of enough profit to attract capital. On the other hand, the profit is limited, and a large part of the earnings go to the Governments where the banks are located. If the profits



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so paid to the various Governments were to be devoted to the purpose of repurchasing the stock, every Government might in a few years own its proportionate amount of stock without having been forced to devote any of its income from taxation to the purpose.



Building Exports Through Investment

A MERICAN investment in foreign enterprise can build our power as an exporting nation is the belief of J. N. Babcock.

Turned judiciously into the field of foreign enterprise the investment power of the American people might, in the opinion of Joseph N. Babcock, vice-president of the Equitable Trust Company of New York, be made a great factor in the upbuilding of this country's power as an exporting nation.

In an address entitled "Investments," delivered before the trust companies section of the American Bankers Association at its recent Los Angeles convention, Vice-president Babcock said in part:

The United States today the richest country and principal creditor nation of the world is in a position to support its foreign trade and commerce by a judicious use of its financial resources and the investing power of its people.

Great Britain's might as an exporting na-

tion may to a great degree be ascribed to the fact that the British investor has for many years put his money to the service of foreign enterprise. In doing so, he not only



JOSEPH N. BABCOCK

Vice-president Equitable Trust Company of New York

got a handsome return in the shape of a yield substantially higher than the yield of British securities, but the funds he thus provided were used to buy British products.

Incidentally I might say that England seems very much determined, as recent flotations of foreign securities in London, show, not to give up a policy to which in pre-war days she had owed her financial and business supremacy. What England has done, we also can do.

It is true that our people are unaccustomed to foreign investment and are doubtful of the solvency and political stability of some at least of the foreign governments and peoples. As the nations progress towards political permanency and financial and commercial stability, however, increased confidence in the essential probity of the foreigner and in his ability to pay his obligations at maturity will be engendered, and, in time, no doubt, foreign investments on which the yield for many years will probably be relatively high will win the favor of investors.

But the future is in the lap of the Gods. At this time it appears to be impossible to forecast the outcome of the many conflicting

constituents of the economic situation throughout the world or of their reaction on the general prosperity and welfare of the country.

From the investment standpoint purely, however, it would seem that present conditions more nearly approximate those of the period following the Civil War than they do those of the years preceding the great conflict.

The world's stock of gold, although its capacity as a measure of value may be supplemented by improvements in the banking systems of other countries as it has been in our own, and by an increased use of credit instruments, is still not adequate to maintain on a gold basis throughout the world, a level of prices as high on the average as now exists. Is it not likely then that during the period of readjustment this country will feel the repercussion of the general situation, which must be reflected in an enforced recession in our industrial activities? If our answer is in the affirmative it is during such a period that we shall see low prices in money and higher prices for investment securities.

While the demand for new capital from abroad may result for a time in sustaining a relatively high interest rate, it seems probable then that in the long run, the yield from investments will accompany the prices of commodities in a downward trend, and that the purchaser of high grade investment securities either domestic or foreign will for some time to come enjoy a high yield and a rising market value, while he may expect that the avails of his investment measured by the prices of commodities will suffer no loss and may, perhaps, even gain in purchasing power.



Prominent German Banks Combine

A CLOSE alliance was agreed upon on October 31, 1921 by the Bank fur Handel und Industrie (Darmstader Bank) and another prominent Berlin Bank, the Nationalbank fur Deutschland Kommanditgesellschaft auf Aktien. The identity of interests of both institutions as indicated by the name, Bankengemeinschaft (Banking Union) Darmstader—Nationalbank will find outward representation in the mutual co-operation of the boards of managers and directors, the distribution of dividends at the same rate and by the joint

liability and responsibility for the engagements of either bank. Both will immediately increase their capital stock, the Bank fur Handel und Industrie by



New Darmstadt head office of the Bank fur Handel und Industrie (Darmstadter Bank)

150 million, the Nationalbank by 100 million marks fully paid shares which will be offered to shareholders and to the public. In addition seventy million



New Hamburg office of the Bank fur Handel und Industrie

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In building up foreign trade, due consideration must be given to potential markets for merchandise. The Park-Union Foreign Banking Corporation maintains thoroughly equipped branches in Tokio, Yokohama and Shanghai because of the strategic position of those commercial cities in the commerce of Japan and China and the possibilities for future trade between those countries and North America.

The eastern coast of the Pacific is similarly served through our branches in Seattle and San Francisco. Thus the principal gateways of Eastern Asia and North America are linked closely together through one banking system, providing besides the ordinary functions of international banking, a helpful service for the merchants and manufacturers of the countries where these branches are located.

<i>Capital (fully paid)</i>	-	\$4,000,000
<i>Surplus and Undivided</i>		
<i>Profits</i>	-	\$625,000

marks new Bank fur Handel und Industrie stock, twenty-five per cent. paid, will be acquired by the Nationalbank while the Bank fur Handel und Industrie will purchase fifty million marks new Nationalbank stock, twenty-five per cent. paid. This part paid stock will not be offered to shareholders or public and is not entitled to dividend until fully paid.

After the completion of these transactions the Bankengemeinschaft Darmstadter-Nationalbank will have a joint stock capital of marks 720 millions par value, viz. the Bank fur Handel und Industrie, marks 420 millions, the Nationalbank fur Deutschland, marks 300 millions. Including open reserves the working capital of the Bankengemeinschaft will exceed one billion marks. The Bankengemeinschaft will have over 200 branches and 100 local offices in more than 200 cities throughout Germany.

Great Britain

REVIEW OF THE GENERAL SITUATION

London is reported to be counting heavily on the successful outcome of the limitation of armament conference, as a substantial reduction in military and naval expenditure seems to offer about the only means through which a budget surplus for 1922 can be obtained.

Considerable comment has been occasioned by the recent controversy in London financial circles as to whether England should return to the prewar gold standard, or whether the plan of the well-known economist Gustav Cassel to fix a lower standard for the pound sterling should be tried. Cassel's plan of "devaluation" has its adherents, but London seems to favor the view of Sir Felix Schuster and Sir Charles Addis that a return to the old standard of gold payments must be effected.

The recent visit of Hugo Stinnes in London strengthens the belief in that city that Stinnes was trying to sound out London opinion on the subject of a loan. However London does not seem to believe that the necessary political support of the Government could be obtained, and regards a loan to Germany as unlikely.

The uncertainty as to the financial status of France should Germany default in her payment of the approaching reparation installment, coupled with the continued depreciation of the franc, is causing no small concern in London financial circles. It is felt that France would favor direct action in case Germany defaulted, and such a procedure might strain relations between France and the Allies quite seriously.

London has reported no pronounced progress in the Ter Meulen plan for financing the foreign trade of the smaller European states. However, Sir Drummond Fraser's recent visit to the United States undoubtedly led to favorable results, and the putting of the general scheme into general operation appears likely at an early date.

Trade conditions for the last month

appear to have assumed a more hopeful and satisfactory tone. Far Eastern trade seems on the eve of a revival, coal exports are increasing, and business seems to have stimulated generally by lower prices. The improved general outlook does not, however, seem to carry with it any appreciable decrease in unemployment.

INVESTIGATING TRADE CONDITIONS

The executive committee of the Federation of the British Industries, representing the leading industrial and commercial organizations of Great Britain, has recently made an exhaustive study of conditions affecting England, and the world generally, in an investigation quite similar in procedure to the one undertaken by President Harding's Unemployment Conference in the United States.

The committee states the fundamental causes of the present trade position through a report to the British Prime Minister, in the form of a memorandum which is contained in an English bulletin of the Bankers Trust Company, of New York. This bulletin, quoted in part, reads as follows:

The fundamental causes of the present trade position are direct results of the war, consisting of:

- A. The general impoverishment of the world owing to the enormous unproductive expenditure.
- B. The destruction of the world's standards of value, due to the inflation of currencies and manifesting itself through a condition of the exchanges so chaotic as to make international trade, instead of a matter of reasonable foresight and calculation, a game of chance in which the rules and stakes are perpetually altering without the will or knowledge of the player.
- C. An alteration of the world's channels of trade which may be permanent or temporary due—
 - I. To the partial or complete disappearance of many prewar markets and sources of supply, such as Russia and Central Europe.
 - II. To the development of industries in the countries which previously exported raw material and imported manufactured goods.

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"These causes mean that we must face two periods of difficulty"—the memorandum declares—

"I. A period during which the exchanges and such subsidiary causes as the high and constantly varied tariffs which have been a feature of post-war economic policy in many countries will form a serious hindrance to international trade. During this period trade will also have to adjust itself to the new channels in so far as they seem likely to be permanent.

"II. A longer period, which will last until by a process of hard work and restricted consumption the world has replaced the stock of commodities and instruments of production lost during the war."

In suggesting remedies the memorandum emphasizes that stability of trade is of greater importance than the reestablishment of any prewar ratio with gold or any other standard of value.

International action will be required, the memorandum says, before certain countries can be induced to adopt a sound currency policy and perhaps external preserve may have to be applied. In this connection a suggestion is offered that Great Britain approach one or more of the other great com-

mercial powers and endeavor by agreement to impose a common currency policy on the world, with economic boycott a weapon in case some countries prove recalcitrant.

The objects to be accomplished are enumerated as a cessation of inflation, a balancing of budgets, and stabilization of currencies "reanchoring them to gold but not necessarily in the same ratio as their pre-war currencies."

"The main point, however," says the memorandum, "is that some effort should be made at once to begin the return to stability. We have wasted three years in hoping that the natural play of economic forces or mutual agreements among all nations would produce the desired effect. At the best, however, this improvement can only be gradual, and we must anticipate a period of extraordinary difficulty and considerable distress for several years."

France

THE ECONOMIC SITUATION

The Government has made a very definite effort during the last month to check inflation by its material repayments to the Bank of France of the advances made to it by the Bank dur-

ing and since the war. In two weeks alone the Government made repayment of 600,000,000 francs. The repayment of another important sum to the bank is anticipated during the course of the next month.

The Bank of France was able, during the last month, to make a substantial reduction in the paper money circulation, with the aid of treasury funds released by the issue of bonds by the Credit National. This reduction, coupled with future repayments to the Bank by the Government, should cause a decrease in the Bank's note circulation during the next few months, despite the heavy demand for notes which always arises around the end of the year.

On the reparation payment question France still holds that Germany can pay if she will but make the effort, and that the Allies should see to it that she does make the effort, and does pay. The Reparation Commission has to date shown no perceptible tendency toward an attitude of leniency to Germany, and recent findings of the commission seem to bear out the belief that Germany can find the necessary 5,000,000,000 marks by January 15.

Although France has consistently opposed the granting of a moratorium to Germany, it is possible that a financial conference of the Allies may be held in the near future at which a satisfactory accord may be reached. If England should approve the Wiesbaden agreement and the continuation of payment in kind by Germany, France might view the granting of a moratorium with a more favorable eye.

Commercial activity for the last month shows an undoubted but rather slight increase. Depression is still visible, but is becoming steadily less acute. Paris feels that both from a financial and an economic standpoint the position of France is steadily improving.

The following table, compiled by Lloyds' Paris agent, shows the devastation caused by the war, and gives some idea of the effort that France has already made toward reconstruction:

Inhabitants	
Deported because of the war	2,500,728
Returned up to April, 1921	1,975,798
Municipalities	
Abandoned	3,256
Reestablished April 1, 1921	3,216
Schools	
Before the war	7,271
Reestablished	6,834
Houses	
Destroyed	789,000
Rebuilt	10,213
Repaired	326,700
Land	
	Acres
Devastated	8,240,000
Cleared from projectiles	7,244,000
Cleared from projectiles, wire entanglements and trenches	6,881,000
Agriculture	
	Acres
Surface of arable land damaged	4,571,000
Surface of arable land put in order up to May, 1921	cleared 4,336,750
	cultivated 3,420,000
Cattle	
Horses and mules carried away	367,000
Oxen	523,000
Sheep and goats	469,000
Horses and mules restored	96,303
Oxen	120,263
Sheep and goats	121,164
Roads	
	Miles
Destroyed	32,960
Repaired	8,426
Temporarily repaired	18,825
Railroads	
	Miles Miles
Main lines, destroyed	1,030
repaired	1,030
Local lines, destroyed	1,490
repaired	1,262
Factories	
Having at least 20 employees in 1914	5,297
Destroyed	4,700
Resumed work	3,645

Italy

INDUSTRIAL ACTIVITY REVIVING

A considerable revival of industrial activity, especially in the textile field, has followed the short period of depression in Italy, according to the Italian ambassador to the United States, V. Rolandi Ricci, who has recently given out to the *New York Journal of Commerce* an interview on trade conditions in Italy.

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Foreign Exchange

Letters of Credit

Cable Transfers

The careful proportion which has been maintained between agriculture and industry, and the encouragement of exports by the fall in the value of the lira have, according to the ambassador, been factors in Italy's relatively early recovery. Relative to the Italian banking situation Ambassador Ricci says:

The banking situation is very good. The Italian laborer is an indefatigable worker for whom saving is a common habit, as is shown by the following figures covering deposits in the four great banks of Italy:

Savings deposits at end of—

December, 1919	Lt. 12,000,000,000
December, 1920	Lt. 15,798,990,000
August, 1921	Lt. 16,670,300,000

In the postal savings banks we find a similar situation, as results from the following table:

Savings deposits at end of—

December, 1919	Lt. 5,190,205,258
December, 1920	Lt. 6,981,089,693
July, 1921	Lt. 7,932,040,629

The ordinary savings banks show the following figures:

Savings deposits at end of—

December, 1919	Lt. 5,841,807,289
December, 1920	Lt. 6,668,380,493
May, 1921	Lt. 7,323,995,388

We may calculate that the grand total of savings deposits under various shapes and titles by the hard working Italian people amounted at the end of June, 1921, to over 40,000,000,000 lire, as against 35,000,000,000 lire at the end of June, 1920. Were it not for this great virtue of the Italian people who confide to savings banks as much as they can of their hard earned money, it would have been impossible to face successfully the oscillation of the exchange brought about by the payment of the first instalment of the German indemnity. But we have seen the dollar decline from thirty lire to eighteen, without any help from abroad or any other artificial and temporary measure. Recently there has been another fall in the value of the lira, due chiefly to the repercussion in Italy of the world-wide industrial and economic depression.

Turning to the questions of high taxation, and the exaggerated reports of labor unrest, the ambassador continues:

In order to readjust their budget the Italian people are meeting the heaviest obligations and paying the highest taxes im-

Bank of British West Africa

Head Office, London



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aginable. A balance has not been obtained yet, but a great step has been made in the right direction. More could not be done, because no sacrifice, however great, can overcome some natural limitations peculiar to Italy. And yet, in spite of these limitations, we have seen the paper money circulation decrease from Lt. 22,062,000 at the end of December, 1920, to Lt. 20,112,000 at the end of October, 1921—that is a decrease of 2,000,000,000 lire in less than ten months.

The labor unrest in Italy (which is generally looked at from a rather distorted angle abroad), if carefully and impartially studied, appears no more serious than similar labor troubles are looked at in other countries. The Italian character is a little more boisterous, probably, than the character of other peoples; but the plain figures quoted above show that in Italy there is no diminution in the average productive capacity of the country. The whole history of Italy is a demonstration of the fact that labor and social movements are not so far reaching as the movements of a similar nature elsewhere. Even when they assumed the aspect of civil war, as it happened in the Middle Ages, they did not prevent the Italian Communes from shedding the brightest light of industrial, economic and banking development ever seen in the world. The extreme density of the population of Italy (130 inhabitants per square kilometer, as against thirteen and one-half in the United States and seventy-five in France) has prevented her intensive "mechanization" so that a complete stoppage of her economic life is absolutely impossible. One or more branches of activity may cease without affecting the general economy of the country, as demonstrated by the failure of even the railroad strikes.

Germany

WHAT DOES THE FUTURE HOLD FOR GERMANY?

In the two words "reparation" and "inflation" will be found the key to the present economic situation in Germany in the opinion of the Bank für Handel und Industrie (Darmstadter Bank), which speaks in its foreign letter of these "two poles around which German economic life has been whirling during the past few months at feverish speed."

The letter gives prominence to the two diametrically opposed opinions on the future of the country as embodied in the views of visitors to Germany who have expressed themselves through the press of the Allied countries. To quote



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*The State Bank of the
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New York Agency, 93 Liberty St.

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the letter on the subject of these two views:

The one view delights in pointing to Germany as the only country in Europe flourishing both industrially and commercially and therefore takes for granted Germany's ability to fulfill the Versailles Treaty obligations. A superficial observer might really assume this to be true, in view of reports recently published. The last reports of the Prussian Ministry for Trade and Commerce on economic conditions speak of a revival in nearly every branch of commerce and trade. But in an addenda it is very correctly pointed out that this is due principally to the continuous depreciation of the mark and only in a minor degree to general economic conditions. The renewed depreciation was caused in the first place by the payment of the indemnity gold billion and to a certain extent only by the increased quantities of raw materials needed by the exporting industries in consequence of the large number of foreign orders placed here as a result of the depreciation! This increased import of raw materials was in turn followed by an increased demand for foreign bills. The increased home demand was occasioned only partly by actual re-

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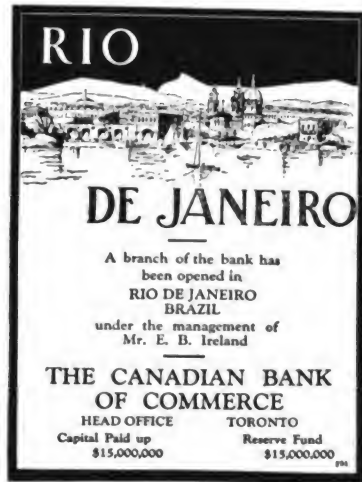
14 Wall Street, New York

quirements of the moment and may be set down rather to the dread of further price increases and the wish to profit from the present comparatively attractive prices.

While it is true that at present the somewhat higher purchasing power of the mark at home still creates an export bonus, it must be remembered that if an improvement in the rate of exchange of the mark would occur, it would reduce this export premium at the same ratio in which German domestic prices would approach the world's market prices. It has already been pointed out how severely foreign industries feel this export premium and what protective measures the countries affected by it are taking. The day may not be far off when this precarious prosperity of German industry will reach its natural limits. We therefore cannot share the optimistic opinions held by a good many foreign observers.

The other opinion which has only been gaining ground of late in foreign countries and the chief exponent of which is the well-known English political economist, John Maynard Keynes, is that Germany may indeed be able to pay another billion gold marks in the spring, but that then it must needs go bankrupt. Just this latter opinion, however unfavorably it may influence the exchange rate for marks, offers some hope that far-seeing and interested circles abroad will draw the proper conclusions

from the present unsettled economic situation in Germany and abroad and endeavor to bring about a reduction of Germany's indemnity obligations. But even if this will be achieved—and it must be done some time—the German Government must realize that no amount of taxes on capital alone can eliminate the evil of inflation. On the contrary taxation must be accompanied by a healing of the German economic body from within, as in our opinion any attempt to solve the exchange problem from the money side alone will never be able to stop inflation and its disastrous consequences. First among the measures to be taken by a sound financial policy should rank a rigorous fight against the importation of certain foreign commodities, the consumption of which was formerly not regarded as a luxury, but which in our opinion should now be kept outside of German borders. The German Government could only do this, if no obstacles were laid in its way by interested parties which in the place of temporary "sanctions" might wish to create more oppressive and permanent ones. To increase exports and limit imports to indispensable raw materials and semi-manufactured products, to intensify production and to reduce the cost of living of the masses, these are indeed postulates which are not likely to appeal to foreign business circles; but foreign countries will have to take them into account un-



der penalty of being themselves the sufferers in the end. If this program is carried out successfully to some extent at least, the disturbing phenomena of the past months which threaten to undermine the economic force of Germany to a still greater extent than last year will disappear. As long, however, as for instance the practice observed at German exchanges during the past months to sell out bonds with fixed interest but no longer yielding an adequate income because of the depreciation of the currency, cannot be stopped, all attempts to heal the German economic body without getting at the root of the evil, viz., the crushing indemnity burdens, must prove futile. Foreign countries may rest assured that the leading German economic circles which have a keen sense of their duty toward their own country and the world at large, fully realize all the problems described in the preceding lines and are earnestly striving to solve them in the most practical and effective manner. It must be understood, however, that without the co-operation of the world the solution of Germany's economic difficulties which no longer constitute a German, but a world problem, will not be possible with any degree of success.

Central Europe

THE FINANCIAL SITUATION IN AUSTRIA

The Government faces a serious deficit for the present fiscal year. The crown continues to drop, and there is a large increase in note circulation. Extreme measures to increase the national income are being resorted to by the Government and such things as transportation and telegraph rates and food prices have been raised in some cases by as much as several hundred per cent. Industry is active to a certain degree and there is some demand for products, but industrial profits are doubtful. The cost of living is increasing. Unemployment returns in Vienna show only 19,000 out of work.

The Chamber of Commerce at Washington has issued a report of its Vienna representative W. F. Upson on the present situation in Austria which reads as follows:

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The outstanding features of Austrian Government finances are a very large prospective deficit for the present fiscal year, the continuing drop of the Austrian crown, and a large increase in note circulation. In general the economic condition is a continuation or development of the situation in September.

New York exchange rose to 6,175 crowns for a dollar on November 11, but gained slightly and was quoted at 5,720 on November 15. The note circulation reached 95,000,000,000 crowns on November 7, having risen from 64,000,000,000 at the end of September.

The Government is making desperate efforts to increase its income and avert disaster by raising the postage, telephone and telegraph rates, railway fares, and the prices of tobacco, gas, electricity and food, in some cases by as much as several hundred per cent. The Government hopes for 150,000,000,000 crowns in tax receipts before Christmas and is now considering additional tax measures. The discontinuance of government food subsidies is announced, although the Government has asked for unlimited authority on January 1 to borrow money for further purchases of food and raw materials.

An unofficial estimate for the deficit of the current half year is 100,000,000,000 crowns. The official estimated deficit for

the fiscal year 1921-22 of 165,000,000,000 crowns has been severely criticised as being too optimistic by an eminent economic authority, who estimates a deficit of 400,000,000,000 crowns.

There is a certain amount of industrial activity with a fair demand for products, but it is doubtful, considering the present and future circumstances of production, whether real profits are being made. There are 19,000 unemployed in Vienna, consisting mainly of metal workers (7,000) and city employees (5,000).

There is sufficient grain supply until December 3 and contracts are in force covering the grain supply up to January 1. The cost of living is steadily increasing. The official index figure (based on 100 for January 1, 1921) has increased to 387 from 215 in September. According to Consul Foster, the declared exports from Austria to the United States for October amounted to \$130,000. The chief items were cotton, embroideries, wool and hemp manufactures, rubber goods, non-metallic minerals and paper.

A PLAN FOR POLISH FISCAL REFORM

A plan for immediate reform of the Polish fiscal system has been submitted

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[Yokohama Shokin Ginko]

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Capital Subscribed .		.. Yen	100,000,000
Capital paid up . . .		.. Yen	100,000,000
Reserve Fund		.. Yen	57,000,000

(\$0.50=1 Yen)

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to the Polish Diet by the newly appointed Minister of Finance, George Michalski, according to a report received from its Warsaw offices by the American Chamber of Commerce and Industry in New York. This fiscal reform is to be accompanied by a drastic cut in government expenses and an increase of production through the extension of working time. In his proposals Minister Michalski demands sweeping powers to reduce government bureaus and the expenditures of those which remain, and to increase and force the collection of increased direct income, land and special taxes. The adoption of this plan is the basis on which the minister will continue in office.

Minister Michalski is quoted on the subject of Poland's currency as follows:

"The value of the currency of the country is the outward sign of its economic stability. An industrial, economical, well organized country will have a sound currency. There is at present no

country in the world which has such a bad currency except Soviet Russia. The problem of currency is not a problem of financial technique but essentially one of an economic and administrative nature. We must reform our economic organization and administration. For this reason I will soon lay before you (Parliament) a series of measures entitled: 'Means of improving the financial situation.' When these laws are put into effect a new crisis of Polish life will be entered; that crisis will be the period of the stabilization of the Polish mark.

"The preparation for a new currency must be begun at once. An emission bank will be founded in the form of a limited company in which domestic and foreign capital must take part."

In summing up his demands the minister said Parliament must vote him the laws he wanted; the ministries of the government must give up many of its privileges and the people must undergo new sacrifices. Then, he added he

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would encourage foreign capital to come into Poland with guarantees of safety; he would surround himself with the best men of the country, all of them detached from politics. Otherwise he would resign.

Mr. Michalski's direct way of dealing with Poland's fiscal problems astonished the Government, but they have been enthusiastically received. It is generally accepted by the press that a new strong man has risen in Poland, equipped by vigor, experience and honesty to undertake the grave tasks that face him.

RUMANIAN OIL PRODUCTION

In the past month the Rumanian crude oil production reached for the first time since the war its prewar capacity, about 400 carloads daily (which, figured at 8,000 gallons to the standard tank car, makes 3,200,000 gallons, or 68,085 barrels daily).

It is, however, not to be expected that this quantity can be figured on as a con-

tinuous daily average because a number of late eruptions resulted in unusually large eruptions which as a rule give such large quantities only for short periods.

RUMANIA STOPS SPECULATION

Cable advice has been received by the New York office of the Banco Mar-morosch, Blank and Company that the Rumanian Government has issued a decree prohibiting Rumanian banks from accepting orders for buying or selling Rumanian exchange for foreign accounts, except such orders relating to purely commercial and industrial operations.

Recent facts verify the statement that the decrease in the value of the leu was due to large speculation in the foreign markets, although Rumania economically is thoroughly sound, and that this measure of the Rumanian Government is taken solely to prevent the continuation of this speculation. The very fact that legitimate operations for

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A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

commercial and industrial purposes are being allowed proves this to be the case.

The Rumanian Government rescinds this decree with regard to transactions for American banks. Therefore, lei can be bought and sold as heretofore for account of American banks.

INCREASE IN RUMANIAN CUSTOM HOUSE RECEIPTS

The Rumanian custom house receipts for the first six months of 1921 were of lei 718,889,186 against lei 237,414,603 for the same period of 1920.

Revenue from imports in the first six months of 1921 was lei 388,882,905 against lei 111,000,000 in the same period of 1920.

Revenue from exports in the first six months of 1921 was lei 222,043,585 against lei 101,243,203 in the same period of 1920.

Custom house commissions in the first six months of 1921 amounted to lei 107,912,696 against lei 24,988,018 in the same period of 1920.

Australia

"A WHITE MAN'S COUNTRY"

A declaration that Australia, close to millions of Asiatics, must forever continue to be "a white man's country" and that friendship with the United States was both desirable and necessary was made by George Foster Pearce, Australian Minister for Defense. Mr.

Pearce is a delegate to the limitation of armaments conference and spoke on November 30 at a luncheon in India House given by the English-Speaking Union in farewell to Mark Sheldon, for the last two years Australian Commissioner to the United States, who is returning to his home in Sydney.

Mr. Pearce said that Australia was the only continent peopled by one race and that ninety per cent. of its inhabitants were not only European but British stock. The United States of America, he said, was Australia's nearest white neighbor, although three weeks away by steamship.

"There are some advantages of isolation," Mr. Pearce continued. "The United States has not only attracted many enterprising immigrants, but, you will admit, some who make neither for greatness nor safety. So far, Australia has attracted only the enterprising—it is so far away. So far, we have attracted only the cream of the people of Europe, and I believe I may say without egotism or boastfulness that this is, perhaps, the reason why our men were equal to any soldiers in the war and better than most."

Mr. Pearce said that Australia raised 400,000 men for the army by voluntary enlistment, sent 300,000 to the firing line, left 60,000 dead in France and had 600,000 casualties among her troops—twice as many as were engaged. "I don't think it is boastfulness to say that a nation that can produce men like that is worthy to be your friend," he said.

Mexico

A LAND OF OPPORTUNITY

By JOHN CLAUSEN

It has been truthfully acclaimed that, "Mexico is the treasure house from which will come all the gold, silver and precious stones that will build the empire of tomorrow."

There is hardly a region, except perhaps the lowlands along the coasts,



JOHN CLAUSEN

Vice-president and director Mexico City Banking Corporation, S. A.

where gold or silver is not found. Mexico ranks next to the United States in the production of copper; the largest sulphur deposits in the universe are lying idle, and valuable tin beds and coal fields of vast proportion are awaiting exploitation. It ranks second in oil production, but by far leads in that industry because of the greatest demonstration supply. While some authorities have voiced the opinion that its

lead mines are on the verge of exhaustion, others confidently claim that there still remain millions of tons of exceedingly rich ore which can be worked at a very low cost.

Great as are Mexico's mineral resources, they do not compare with the possibilities in soil production. With an area of 767,290 square miles—three times as large as all of Central America and the West Indies combined—and a population of a little less than sixteen million people, Mexico has more sugar cane land than Cuba and yet only produces three per cent. as much sugar; it has more citrus fruit land than the United States and Italy combined; more pineapple land than Hawaii; more tobacco land than the West Indies; more coconut land than the Philippine Islands; more banana land than Central America; more corn land than any other country except the United States. It produces more coffee a year than any other country aside from Brazil, and the growing of cotton is of no less importance than its rubber production and sisal hemp industry. Next to China and the East Indies, the United States depends upon Mexico for her supply of goat skins to meet the ever-increasing demand for boots, shoes and gloves. The wealth of her practically unlimited virgin forests are immeasurable.

Mexico is rich—immensely rich—and few countries have equal recuperative powers. Its development once set in motion will push forward at an amazing pace and will offer greater opportunities than any other country in the world. Authoritative figures show that its area of naturally productive agricultural lands is sufficient for the maintenance of more than five times its present population.

South America

CHILEAN CONDITIONS SHOW LESS FAVORABLE ASPECT

Conditions in Chile reported to be improving during September and October have been less favorable during Novem-

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ber. The hoped for improvement expected as a result of the agreement between nitrate producers, the Government, and the "Pool," has failed to realize. The Government is retrenching its expenditures, while new borrowing and new emissions of paper currency are expected.

The Government has announced its intention of beginning no new public works. The road building funds have been exhausted. Economy is being effected in government finances while additional attention is being given to taxation necessitated by the increasing deficit. An internal loan of 100,000,000 paper pesos has been requested in committee discussion to meet the current government expenses in accordance with the budget for 1922.

The average exchange rate on the paper peso for the twenty-three days, November 1 to November 23, inclusive, was \$0.10½ United States currency. Forecasts point to a lower rate owing to the probable necessity for new bor-

rowing and emission of paper referred to above. Financial conditions remain the same. Liquidation continues; credit will be on a sounder basis than ever before in the history of Chile when the effect of the present crisis has passed.

Sales abroad of foreign stocks of nitrate have been reported but resumption of sales in Chile seems far distant. The production of nitrate and copper has not revived because of the employment stringency. The Government's efforts to free Chile from economic dependence on Europe and the United States have not borne results. Owing to the present high cost of railroad transportation serious attention is being given to the construction of ports in the agricultural sections to the south of Santiago and Valparaiso.

Foreign trade commodity movements have been extremely inactive, although increasing quantities of copper and nitrate belonging to foreign holders are being exported. Stocks on hand are small and very little buying is taking



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place. Shipping has been less active than for the same period of last month.

GENERAL SITUATION OF ARGENTINA

Ernesto Tornquist and Company of Buenos Aires report in their October bulletin, under the head of the general situation:

General and abundant rains have greatly benefited the sown area and pastures throughout the country. In consequence, prices of all classes of grain have fallen. The wool market displays more activity with prices slightly improved for fine wool and coarse cross-breeds; the stock of wool has diminished. Meat has experienced a rise in price after having touched low levels. Banking business continues to be carried out normally, with money still relatively abundant. The stock of gold has not varied. Activities on petroleum fields are multiplying rapidly and foreign

capital is participating in them to a preponderating extent, attracted by the daily-more-favorable prospects. The stock and share market is animated, with prices somewhat firmer. The labor situation is very favorable and labor is readily obtainable at reasonable rates of pay. Building is slowly on the increase.

On the other hand, the exportation of meat and grain is proceeding slowly, except in the case of linseed, and the exportable surplus of wheat is still considerable. The prolonged drought has caused considerable prejudice to the young crops, especially linseed, and also to pastures, and its effects have likewise been felt among the herds and flocks. The heavy *disagio* of our "peso" persists, in spite of the loan recently contracted in the United States, owing to the adverse state of our balance of payments. Business failures are still being recorded at a high level. Prices of urban properties are falling. The import trade and the major portion of



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our industries are suffering considerably by reason of the fall in prices and the anarchy in the exchanges.

International Banking Notes

The Banca Chrissoveloni, S. A. R., of Bucharest, has opened an agency in New York at 723 Seventh avenue to transact a general foreign exchange business and to assist in the development of American business in Rumania and the Near East. Radu Irimescu, Otto Paul and Julien Netter are in charge of the agency.

The first Chrissoveloni banking house was established in Constantinople in 1830. From there it established itself in Galatz, Rumania, 1850, financing principally large export transactions in cereals. In 1881 the house established itself in Bucharest.

The monetary unit of the Federation of Central American Republics has been fixed in a decree issued by the provisional Federal Council.

The coin will be of gold and equivalent

in value to an American half dollar. It will weigh 886 milligrams, have a fineness of 900, and be called "El Centro Americano."

The New York agency of the Banque Belge pour l'Etranger announced in November that information from the head office in Brussels indicated that a dividend of nine per cent. would be distributed to the stockholders of the bank. The balance statement shows a net profit of about 10,000,000 francs for the business period closed June 31, 1921, on a paid-up capital of 75,000,000 francs.

Albert Rothbarth, of Hallgarten and Company, bankers, of New York, and Julius Horn, the Berlin representative of Hallgarten, have been elected to the board of the Credit Institute for Public Undertakings and Works of Vienna, a controlling interest in which is held by the Austrian Government.

According to cable despatches from A. E. Lindhem, Scandinavian representative of the Irving National Bank, New York, the Finlands Industribank Aktiebolaget, and the

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Helsingfors Aktiebank, both of Helsingfors, Finland, propose to amalgamate. This amalgamation is subject to approval of the shareholders.

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Clearings in the four principal cities of the Dutch East Indies rose from 1915-6 with 1,241 million guilders to 9,012 million guilders in 1920-1, the bank notes in circulation from 130 to 346 million guilders, stock of gold and silver with the Bank of Java from 71 to 220 million guilders and the total foreign trade for the calendar years 1915 with 1,160 to 3,532 million guilders in 1920.

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A new state bank was opened in Moscow in November in the premises of the old Union Bank with a full staff of old-time banking officials and clerks. Three per cent. interest will be paid on current accounts and five per cent. on time deposits. The bank advertises that it will make loans to corporations and individuals, deal in exchange and handle accounts, guaranteeing them free from confiscation by the Government, which desires to restore capitalistic methods in its effort to effect economic re-

construction. Branch banks will be opened soon in Siberian and other Russian commercial centers.

It is announced that the bank will handle foreign bills of exchange, applying the old laws to them until new enactments are formulated.

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The Zionist Organization of America announces that steps are being taken in cooperation with the Jewish Colonial Trust Company of London to establish an agency of the Zionist Bank in New York City which will undertake, in addition to other financial activities, to increase the paid up capital of the trust for larger operations in Palestine by the sale of its stock in the United States. The Jewish Colonial Trust recently declared a dividend of five per cent. for the year 1920.

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The Sumitomo Bank, Limited, of Osaka, Japan, announces the removal of its London branch office to 67 Bishopsgate, London, E. C. 2.

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At the twenty-ninth ordinary general meeting of the English, Scottish and Aus-

The Bank of the Philippine Islands

(ESTABLISHED 1851)

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Paris: Comptoir National d'Escompte
 Australia: Bank of New South Wales
 Shanghai: Bank of Canton, Ltd.
 Chicago: Continental & Commercial National Bank
 Japan: Sumitomo Bank, Ltd., and The Bank of Taiwan, Ltd.

tralian Bank, Limited, on November 23, 1921, the annual report for the year ending June 30, 1921 showed a profit of £267,975-7-0, after making provision for bad and doubtful debts and other contingencies, and deducting expenses of management, and income and other taxes. The disposition of this profit is as follows:

To interim dividend at five per cent. free of income tax.....	£ 62,812	s 10	d 0
To reserve fund.....	16,000	0	0
To reserve fund, additional, making £82,837-1-11 for the year when the fund will stand at £1,300,000.....	67,837	1	11
To E. S. & A. bank officers' guarantee and provident fund	5,000		
To payment of a further five per cent., making a dividend of ten per cent. for the year, free of income tax.....	65,994	7	6
To the purchase and cancellation of deferred inscribed deposit in accordance with the articles of association.....	42,935	12	6

This leaves unappropriated from the profits of the year the sum of £8,395-15-1 which, with £94,208-17-9 carried over from June 30, 1920, leaves a balance to be carried forward of £102,604-12-10.

During the course of the last year the London Bank of Australia, Limited, and the Commercial Bank of Tasmania, Limited, were acquired by the English, Scottish and Australian Bank, Limited, the former

as from January 1, and the latter as from March 1, 1921.

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At the eighty-third semi-annual ordinary general meeting of the Yokohama Specie Bank, on September 10, 1921, the statement for the half-year ending June 30, 1921, showed a gross profit of Yen 104,982,251.54, of which Yen 4,652,874.68 had been brought forward from last statement. From the gross profit the sum of Yen 90,227,314.95 was deducted for interest, taxes, current expenses, rebate on bills, current, bad, and doubtful debts, bonus for directors and auditors, etc., leaving a net profit of Yen 14,754,936.69, of which the following disposition was made:

Semi-annual dividend at twelve per cent per annum.....	Yen 6,000,000
Added to reserve fund.....	4,000,000
Carried forward for credit on next statement	4,754,936.69

©

The Commonwealth Bank of Australia in its aggregate balance sheet for the year ending June 30, 1921, showed total assets of £140,573,807-12-7; a profit for the half-year ending June 30, 1921, of £403,041-9-8; and an addition to the reserve fund of £201,520-14-10, making a total reserve fund of £1,725,682-11-11.

Antwerp Office of the Guaranty Trust Company

THE announcement of the opening by the Guaranty Trust Company of New York of a new office in Antwerp serves to call to the attention of the banking and financial world the importance of this great port through which must pass so much of



I. J. GREENE

Assistant secretary Antwerp office, Guaranty Trust Company of New York

Irvin J. Greene, assistant secretary at the Antwerp office of the Guaranty Trust Company of New York, has been with the company since March 22, 1916, having served successively in the securities, the trust and the coupon departments. He was sent to the Paris office in September, 1916, and in August, 1919 was transferred to the Brussels office. He went to Antwerp when that office was opened September 1, 1921.

the trade between America and the Continent of Europe. Antwerp is in the very center of the cockpit of Europe and owes much of its commercial importance to its geographical position.

The greatest port in Europe, and the second greatest port in the world, Antwerp, is situated on the Scheldt, about fifty miles from the open sea, and connected by a magnificent system of canals and rivers with the interior of Europe. A network of railways radiate from it as far as Southern Italy, France, the new states of Europe, the Balkans, Constantinople and the shores of the Black Sea.

The first report of the founding of a city where Antwerp now stands dates from the seventh century, but it was not until the thirteenth century that it began its rapid rise to world fame as a seaport. By 1562 Antwerp had become the largest port in Northern Europe. The rise of the Spanish ended the town's prosperity, for in 1585 the Scheldt was closed to all navigation by the Prince of Parma. It was not until two centuries later, after the city had been owned successively by Holland, France, Germany, France and Holland, that the Belgians succeeded in gaining their independence and Antwerp was again opened to the trade of the world.

The great asset of Antwerp is its harbor. This is divided into two sections—locks for cargo boats and river quays for liners. In these two sections there are 75,570 feet of berthage served by a hundred miles of railway track. There are sixteen basins for large ships and seven dry docks. Work is now being carried out for the improvement of the port on the lines laid down before the war.

The office of the Guaranty Trust Company of New York is under the management of J. B. Avegno, and its location at 86 rue des Tanneurs, less than two minutes from the great Bourse, was previously the home of another bank. The interior was, however, entirely remodeled to arrange the space on American lines.

The building itself is three stories high, the facade of grey stucco, square

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 9 Rue du Helder

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

CAPITAL (Authorized)	- - - - -	(\$5=£1.)
SUBSCRIBED CAPITAL	- - - - -	\$20,000,000
PAID-UP CAPITAL	- - - - -	15,000,000
RESERVE FUND	- - - - -	10,200,000
		1,500,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VANSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARBS BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Macelo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. MONTVIDEO:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

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Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

and dignified, with lofty windows.

The visitor entering the building through the wide doorway with its wrought iron gates finds himself, after he has ascended the short flight of marble stairs, looking into a banking room large enough to be compared with the main banking floors of some of the New York banks. Behind him, stretching across the front of the building, is the officers' platform separated by a bronze rail from the space reserved for customers and the public, and in front of him the banking counters which stretch round the remaining three sides of the room, leaving a spacious floor in the center where are placed seats, newspaper files and writing desks.

The building is really built around a quadrangle and the main light for the banking floor filters through a pleasing ceiling of stained glass. The ceiling rests upon a double row of columns, essentially Flemish in feeling, which break the counter at regular intervals. Ranged with the columns against the

side walls are pilasters similar in design.

The bronze note is carried out throughout the decorations. The officers' platform is separated from the main floor by a bronze rail. The pilasters and columns have oxidized bronze bases and the metal fittings of the pendant lamps are of the same material.

The treatment of the oak woodwork which is used throughout the building is in the same subdued key. The whole is the work of one of the best known Belgian architects and the design and appointments of the bank were favorably commented upon in the Belgian press on the occasion of the opening.

The floors above are given over to the interior working of the bank. On the first floor is a large conference room, rooms for customers and officers, and the exchange trading room, with its numerous wires, including one direct to the Brussels office. Near at hand is a twelve-line telephone switchboard. The filing department with complete modern

*"The Swedish Bank
of Commerce"*



Svenska Handelsbanken
STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

equipment lies at the far end of the first floor beyond the court which lights the banking floor.

The Guaranty Trust Company of

New York is thus equipped to represent worthily American commercial interests in this city of over 400,000 inhabitants.



Another Diamond Jubilee

IT is interesting to note that the *Boston Herald* was founded seventy-five years ago, almost simultaneously with the first appearance of *THE BANKERS MAGAZINE*. It is with pleasure, therefore, that *THE BANKERS MAGAZINE* extends its congratulations to this worthy contemporary, and reciprocates most heartily the sentiments contained in the following editorial which appeared in a recent issue of the *Herald*:

"And now *THE BANKERS MAGAZINE* reaches its Diamond Jubilee. Founded in 1846 this periodical has been known for many years as a standard publica-

tion in its field, recognized the world over as an authority, written both for the general public and the specialist in finance, admirably edited and printed, and conscious of the modern demand for public service as its warrant for continued existence. American banking has undergone an amazing development in this three-quarters of a century, matching the growth of the country, and this periodical is one of the most important organs dealing with all matters of banking and financial economics. We predict for it a full century to celebrate when 1946 arrives."

Jubilee of State Savings Bank, Fifty Years of Progress

By A. D. Turner

FIFTY years ago there was born into the banking world of New South Wales a youngster that even its most optimistic political parents and official sponsors would not have dared to forecast would, on its fiftieth birthday, number by as many millions of pounds its deposits from the thrifty population of this state. That, however, is the accomplishment of the Government Savings Bank of New South Wales which is fifty years old and still growing. Its history is a complete answer to the erroneous idea that Australians are a spendthrift people, careless of the future and its emergencies and improvident of their earnings. It is a strange fact that the Government Savings Bank Act of 1870, which time has so justified by the success of the institution it created, was before the Parliament of New South Wales from early in 1870 to late in the following year and during the course of its debates objections and difficulties of all kinds were conjured up by the political opposition of the day. Looking back from the always safe eminence of after knowledge one can make light of the fears expressed that the bank would result in wholesale dishonesty on the part of postal officials and be a means of luring them from the narrow path of probity. Statements that already there were sixteen branches of the Savings Bank of New South Wales and these sufficiently served the "colony" and insinuations that it was purely a government dodge to get control of the people's savings and place under the treasurer large sums of money not subject to parliamentary vote—these and many more objections less to the point, protracted the debate over two sessions and it was not until September 1, 1871, that the bank was opened for business.

It commenced operations under Frank W. Hill as controller, in the general

post-office in George street and its business for the first day was thirteen new accounts opened and £301 deposited. At the end of September it had seventy-nine accounts and £1,622 deposits which by December 31 following had increased to 283 accounts and £14,226 deposits. Its growth for the next five years was slow but regular as became a healthy infant anxious to develop according to sound natural laws. At the age of five its financial capacity was £401,298. On reaching its 'teens it gave indications of ability to think in millions and on each birthday thereafter its healthy expansion required larger figures to express its progress.

Some years stand out as milestones in the bank's course of fifty years. The eventful year of 1893 shows how at a time of financial crisis and general distrust, the people realized the value of the government guarantee which has stood behind this bank from its inception and still stands as a second line of defence if its substantial reserves now amounting to nearly £750,000 should be insufficient to meet any unprecedented weakening in its resources.

From its commencement until the end of 1900 the bank was administered as a subdepartment of the post-office and from 1901 when the post-office passed to the Commonwealth on Federation, it became a subdepartment of the state treasury.

The first controller was, as stated before, F. W. Hill, who directed the bank from 1871 to 1887. He was succeeded by A. J. Doak who remained in charge until the bank was transferred to the state treasury when P. E. Williams was appointed controller. Mr. Williams' administration continued until the end of 1906 when a most important change in the administration of the bank—probably the most momentous in its history—took place as a result of the Government Savings Bank Act, 1906.

By this act the bank and the Advances to Settlers Board were amalgamated and the business of the board, which had originated in 1899 as a relief measure for necessitous farmers suffering from the effects of the great drought, was continued on a larger basis under the advance department of the bank.

A board of commissioners, composed of a president and two commissioners was appointed. The first commissioners were Alexander Macintosh, previously general manager of the National Bank of New Zealand; P. E. Williams, controller of the bank under the old regime and W. H. O'M. Wood, chairman of the Advances to Settlers Board. Mr. Macintosh retired in 1908 and was succeeded as president by R. A. Warden and in 1909 Mr. Williams retired and was succeeded by H. D. Hall of the State Savings Bank of Victoria. Mr. Warden retired in 1919 and W. H. O'M. Wood was then appointed president and J. H. Davies, previously secretary, was promoted to the board.

From 1907 to 1914 was a period of extraordinary expansion in the bank's operations. When the commissioners took charge, all the depositors' ledgers were kept at the head office and country depositors were thereby at a great disadvantage in regard to quick withdrawals. The 601 agencies were merely offices receiving deposits and paying withdrawals on authority from the head office. By the end of June, 1914, no less than 131 branches giving all the conveniences previously enjoyed only by Sydney depositors were open for business in the leading country towns and suburbs in addition to 510 agencies. This policy of decentralization which marked the early years of the commissioners' administration was amply justified by the unprecedented increase in the bank's business.

On May 1, 1914, the oldest savings bank in Australia, the Savings Bank of New South Wales, was amalgamated with the Government Savings Bank—this amalgamation added £8,835,266 to the bank's deposits and on June 30, 1914, the total amount held for deposi-

tors by the amalgamated bank was only a few thousand less than thirty-two million pounds. This made the bank the second largest savings bank in the British Empire, the Post-office Savings Bank of the United Kingdom being the largest with some hundreds of millions of deposits. The State Bank still holds this eminent position.

Concurrently with this amalgamation a new department of the bank was created—the advances for homes department. This department entered on a line of business which has grown to enormous figures and made home purchasers of 9,139 citizens previously rent payers.

All these advances are being repaid by monthly installments over periods up to thirty years but varying according to the class of construction of the buildings. The principal outstanding at the end of last financial year—June, 1921—was £3,173,751, represented by 7,576 advances.

From 1914 onwards the war was the predominating influence on the bank's progress. Its first effects—one of uncertainty as to the future—caused heavy withdrawals but confidence was soon restored and the increase in deposits then assumed larger proportions than ever.

With a return to peace conditions even greater progress was made and in the last two years the depositors' balances have increased by over nine million pounds, last year being a record with an increase of over six millions. The total balances held then exceeded fifty million pounds, making the bank on the basis of deposits in New South Wales the largest bank in the state.

In the advance department the chief aim of the commissioners was to render financial assistance to primary producers to enable them to improve and develop their holdings and to pay off mortgages, the conditions of which were less favorable than those offered by the bank.

As advances were made not only on freehold land but on practically all tenures under the Crown Lands Acts, the bank was able to assist many farmers who otherwise would have found

it difficult to get the necessary financial assistance to improve their holdings.

The total amount advanced to farmers and settlers by the advance department since its inception including loans made by the old Advances to Settlers Board is £6,230,108. A considerable amount of this has been repaid and the principal outstanding at the close of the last financial year of the bank was £3,423,871, representing 7,242 current advances.

The last development in a series of new enterprises that have marked the history of the bank during the past fourteen years is the conversion of the advance department into a rural bank. This new department, in addition to making advances repayable by installments over long terms, gives all the conveniences of an ordinary bank except that its loans are confined to farmers and graziers and industries associated with primary production.

The Rural Bank which commenced operation on April 20 last is now op-

erating by opening check accounts for all classes of the community, receiving fixed deposits, granting overdrafts and advances to farmers and graziers, discounting bills arising out of transactions associated with agricultural or pastoral pursuits, issuing bank checks for remittance purposes and otherwise offering to its customers the general convenience of a bank.

After fifty years of public usefulness the Government Savings Bank stands as a monument to the saving capacity of the people of this state, guardian of over fifty million pounds, which apart from its cash reserves held ready for its depositor requirements, are invested in the state for its development and improvement, in government securities, advances to farmers and settlers and home purchasers. The bank may well be named the "Peoples' Bank," it serves the people by garnering their savings and it helps the deserving with financial accommodation whereby industry is increased, further wealth accumulated and their lot made happier.



Caught After Two Years

WHEN Everitt I. Levitt stepped from a Philadelphia train in New York recently he was probably one of the most surprised men in the United States when two William J. Burns detectives arrested him for forgery committed in Greater New York more than two years ago.

Since he succeeded in passing forged checks on banks in Brooklyn and New York at that time, Levitt has served in the United States army where he was located by the Burns operatives, acting as agents for the American Bankers Association in Scofield Barricks, Honolulu, Hawaii. Because of extradition proceedings and other difficulties it was decided not to arrest the man in the Hawaiian station, but to keep close

watch over him until he returned to the United States. Arrangements were made so that the American Bankers Association received notice when Levitt was about to secure his discharge from the army.

The word was received some weeks ago that Levitt would have to get his final papers at Fort McDowell, San Francisco, Cal. At San Francisco Burns men were put on the case and Levitt was trailed from the time he left San Francisco until he arrived in New York November 8.

After short questioning Levitt confessed to his operations in the greater city and has been held in \$5,000 bail for a further hearing.



New Building of the Titusville Trust Company, Titusville, Pa.

LOCATED in the heart of the oil district of Pennsylvania, this institution has recently finished this solid and tasteful home, which in its decorative features has an individuality gained by employing as the theme the various activities connected with the oil industry. Granite was used throughout in the construction work.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited



The Planters National Bank, Main and Twelfth streets, Richmond, Va.

Planters National Bank, Richmond, Va.

SEPTEMBER 29, 1921, marked another red letter day in the history of the Planters National Bank of Richmond, Va. On that day their new banking rooms were formally opened to the public, and during the hours of 9 a. m. and 3 p. m. nearly 3,000 friends and patrons came in to extend their good wishes, and to express their hope for continued and still greater success in the future.

The Planters National Bank opened for business in 1865, and its steady and consistent progress has made it necessary twice since then to enlarge the building. The first time 1892, and, notwithstanding the fact that the bank was much increased in size at that time, the growth of its business was such as to

make it imperative, in a comparatively short time, to again provide larger quarters. Several years ago the matter was taken in hand, and plans were drawn by Alfred C. Bossom of New York in conjunction with Messrs. Carneal and Johnson of Richmond, the contractors who erected the new three-story annex, and made the alterations in the main banking room, being the John T. Wilson Company, Inc., also of Richmond.

NEW BANKING ROOMS

The main banking room is very spacious and lofty. One of its outstanding features being that it is so well lighted, for, besides the many large windows, practically the whole of the roof is covered with mellow tinted glass, thus in-

THE BANKERS MAGAZINE



RICHARD H. SMITH
Chairman of the board



W. MEADE ADDISON
President



WARREN M. GODDARD
Vice-president and cashier



CONWAY H. GORDON
Vice-president



HENRY C. PATTON
Vice-president



W. EDWIN MILLER
Assistant cashier

sureing that amount of light which is so necessary to good work, and efficiency. The walls are of canestone and Taver-nelle marble, part of the ceiling and the cornice being of most beautiful design and workmanship. All the fittings are of bronze, and the furniture mahogany; everything being in perfect taste.

The officers are located on the right

hand side, being separated from the lobby by a low marble rail thus making them easily accessible to the public. Beyond their desks is the discount department, and several other departments. On the left hand side are located the savings department, and the tellers' cages. The magnificent new vault is situated at the rear, and separated from the lobby by bronze gates.

The board room of the bank is in the



Planters National Bank in 1897



Planters National Bank in 1873



Main banking room and officers' quarters, the entrance to the vaults can be seen in the rear



Directors' room



R. G. ANDREWS
Assistant cashier



W. W. NEALE
Assistant cashier

old English style of the Jacobean period. The walls are panelled with oak, imported from the old country, and the open fireplace is in harmony, having old time andirons supporting heavy logs. The ceiling is exquisitely decorated, and the oak furniture is of the William and Mary period. Everything is in keeping, including the lighting fixtures, and the room is considered one of the handsomest in the state.

On the first floor of the new annex is the bookkeeping and statement department. On the second floor are located the transit, mailing, analysis and new business departments; while on the third floor are the kitchen, dining rooms, and ladies' rest rooms. The Planters Bank provides its employees with lunch.

The bank is equipped with the combination heating and cooling system, and is now one of the most modern in the South, and it is hoped that ample accommodation has been made for years to come to enable the force to expeditiously handle the enormous volume of

business which daily passes through the various channels.

ORGANIZED AFTER THE CIVIL WAR

The Planters National Bank was organized in one of the darkest periods of business depression. The war between the states had not long ended and the states were prostrate, but those connected with the bank had vision, and a firm faith in the South, and its ability to come back. That their faith was justified is evidenced by the record of the bank, and its steady, and ever increasing business. Connected closely for fifty-six years with the history of Richmond and the South, the Planters National Bank has played no inconsiderable part in the work of building up the business of that section of the country which it has served. Today with the largest surplus of any bank in the Virginias or the Carolinas its name stands for all that is best in the bank-



Modern sanitary kitchen where luncheons are prepared for employees without charge



Transit department which handles thousands of checks and drafts daily

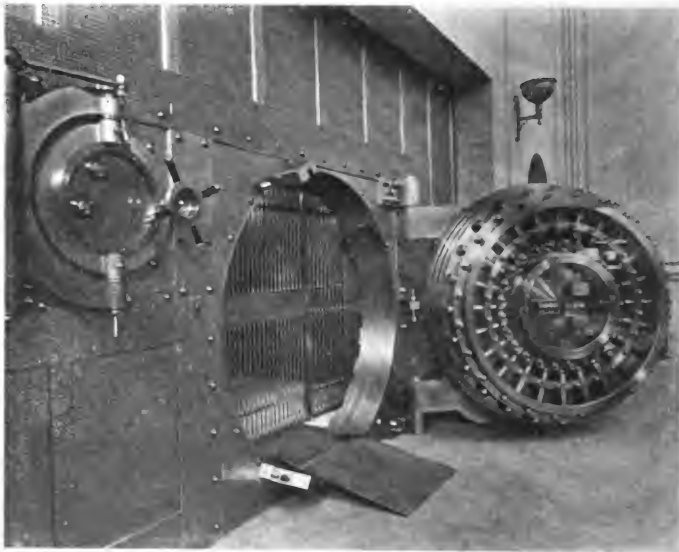
ing world, and conveys the impression of solid strength and integrity.

OFFICERS OF THE BANK

The present officers, keen, capable business men are carrying on the best traditions of the bank, and under their able management, with their broad visioned, forward looking policy, it will undoubtedly continue to make that con-

sistent, steady progress that has marked its whole history. The officers are:

Chairman of board, Richard H. Smith; president, W. Meade Addison; vice-presidents, J. J. Montague, Conway H. Gordon, Warren M. Goddard, Henry C. Patton; cashier, Warren M. Goddard; assistant cashiers, D. V. Morton, W. W. Neale, R. G. Andrews, W. Edwin Miller.



Entrance to modern safe deposit vault, showing 14-ton door
At the upper left is the emergency door



Granite Savings Bank and Trust Company, Barre, Vt.

Granite Savings Bank and Trust Company, Barre, Vt.

THE Granite Savings Bank and Trust Company of Barre, Vt., which was organized in 1885, and is the oldest banking institution in that city, is now located in a fine new banking home. It is a building three stories high, faced with Barre granite. The entire front of the building, including the vestibule is built of cast iron and bronze, no wood being used. On one side of the vestibule is a highly polished slab of dark Barre granite, one of the finest pieces that has ever been quarried. The grill which extends across the entire front of the building is of solid cast bronze.

The entire first floor with a depth of ninety feet is used for banking purposes. The marble in the banking room is Tavernelle rose, imported from Italy, the floor being of pink Tennessee marble, covered in some of the working space with battleship linoleum.

The general wood interior is mahogany, with a counterscreen of solid bronze construction. The tellers' windows are lighted with the linolite system of illumination. Seven wickets are provided for the accommodation of the customers.

DIRECTORS' ROOM

The directors' room is on the second floor and is reached by a mahogany staircase leading from the rear of the public lobby. It is handsomely finished in quartered oak, including paneled work around the entire room. The furniture is also of quartered oak.

SAFE DEPOSIT AND STORAGE VAULTS

The main vault on the first floor is seven feet six inches high by fourteen feet deep by eight feet wide. The outer covering of the vault, on the top,



Banking room of the Granite Savings Bank and Trust Company, Barre, Vt.



Looking toward the rear of the banking room of the Granite Bank and Trust Company, Barre, Vt.

bottom and sides, is constructed of a heavy thickness of concrete, reinforced by steel railroad rails, within which are walls of steel.

The vault contains 300 safe deposit boxes of most modern standard equipment. It has a capacity of over 1,000 boxes. Each box is under individual lock and key. No renter can have access to his box without the bank's key; and on the other hand, the bank cannot open the renter's box without the renter's key.

There is a large storage vault in the basement, nearly twice the size of the vault on the main floor.

The burglar-proof vault door is the finest thing known to the safemaking art. The door and vestibule are made of a single billet of steel without bolt holes or screws, and weighs twelve tons. The whole vault equipment has been designed to withstand fire, burglar, flood, earthquake and the oxy-acetylene torch. It is the largest and most modern vault equipment in Barre, and there are few better in northern New England.

A day-raid system is installed so that alarm can be given from any teller's window.

OFFICERS AND DIRECTORS

The officers of the bank are John Trow, president; Frank F. Cave, vice-president; Charles H. Wishart, treasurer. The directors are: Will A. Whitcomb, John Trow, Frank F. Cave, J. Ward Carver, James T. Marriion and Charles H. Wishart.

CONDITION OF THE BANK

The statement of condition of the bank at July 1, 1921, was as follows:

RESOURCES

Loans	\$1,764,862.99
Real estate and banking house.....	48,337.90
Bonds and securities.....	363,400.00
United States government bonds.....	168,350.00
Accrued interest receivable.....	32,382.68
Other assets	4,078.46
Cash on hand and in banks.....	132,640.63
	<hr/>
	\$2,514,052.66

LIABILITIES

Capital stock	\$75,000.00
Surplus and profits	50,024.52
Dividend, semi-annual, three per cent.	2,250.00
Bills payable	135,000.00
Rediscouts	
Deposits, (including interest due depositors, July 1, 1921).....	2,251,778.14
	<hr/>
	\$2,514,052.66



***I have more faith in America to-day,
and more expectation for the future,
than at any time in my sixty years as a
merchant.—JOHN WANAMAKER.***



North-Western Trust and Savings Bank, Chicago, Ill.

North-Western Trust and Savings Bank of Chicago, Illinois

THE North-Western Trust and Savings Bank of Chicago, Ill., was founded by John F. Smulski in 1906 in order to fill a distinct need. In the district lying west of the river and in the zone a mile and more from the "loop" district of Chicago there were already at that time a great number of substantial and prosperous business establishments and thousands of industrious and thrifty residents. These required a strong and conservative neighborhood bank, supplying all the conveniences of a commercial and savings bank and always protecting their interests and holding itself ready to support meritorious business enterprises.

That the North-Western Bank met these needs is fully shown by its steady and continued growth. Its original building at Milwaukee and Haddon avenues soon proved inadequate and a new building was erected in 1912 a few hundred feet away, at Milwaukee avenue, Division street, and Dickson street.

With the added facilities and advantageous location, the institution experienced an unprecedented growth in

resources and volume of business. Although the confidence and patronage of its immediate neighbors was in no way decreased, it began to draw a clientele from other parts of the city, from large corporations who required special accounts to accommodate branches or district forces, and from investors and savers in other cities and states. The bank's remarkable growth is the result of the constant attention of the management to the requirements of its clientele.

Originally founded with a capital of \$200,000, the investment of the stockholders has grown apace with the increase in deposits, until today the combined capital, surplus and undivided profits exceed \$1,375,000.

NEW BUILDING NECESSARY

In 1920 the resources, with those of the Second North-Western State Bank, passed the \$20,000,000 mark and the need of larger quarters became apparent. Additional land was purchased adjacent to the building and the construction of a new and enlarged modern banking house was commenced. This new building is now complete and is



Offices of the trust department

being used for the ever-increasing clientele. The new banking floor is as spacious and well-appointed as that of any bank in Chicago. The vaults, executive offices and quarters for the various departments are designed and

appointed with the fullest regard for the convenience of the public. The building contains more than 22,000 square feet of floor area, all of which is used exclusively by the bank itself.

In 1919 the Second North-Western



Outer reception room for executive offices



View of the main banking room

State Bank was organized to serve especially the clientele in the rapidly expanding residence and business districts further northwest. This bank is located at Milwaukee and Central Park avenues. All of its stock is owned and controlled by the stockholders of the North-Western Trust and Savings Bank.

Of recent years the North-Western Trust and Savings Bank has handled financial affairs of one type or another for thousands of investors and others residing in nearly every state of the Union. Every means is at hand to make it convenient for such persons to deal readily by mail with all the departments.

From the day it opened its doors this bank has been an affiliated member of the Chicago Clearing-house Association,

and in the year 1917 was admitted a member of the Federal Reserve System.

FOREIGN SERVICE

It has opened an office in Warsaw, Poland, to better serve its clients in the foreign banking field, and has made direct connections with the largest banks in Poland, Italy, Jugoslavia, Germany and other European countries.

Far from being satisfied with past achievements and far from being content to forego continued growth and progress, this bank is always seeking additional opportunities to serve its clients and friends in all fields of banking. Every effort of the officers and staff, and every facility and resource of the institution is dedicated to this end.

The departments of the bank include commercial banking service, savings,



A glimpse in part of the president's suite



Office of the senior vice-president

THE BANKERS MAGAZINE

real estate loan, bond and investment, trust, foreign and safety deposit vaults.

OFFICERS AND DIRECTORS

The officers of the North-Western Trust and Savings Bank are: John F. Smulski, president; William H. Schmidt, Walter J. Raymer, Edward J. Prebis, Fred. G. Heuchling, vice-presidents; Math. Foerster, secretary; August J. Kowalski, Jr., cashier; Benj. S. Meserow, trust officer; John N. Budzban, assistant secretary; Vincent Jozwin, Frank J. Czech, Frank Iwicki, assistant cashiers. Department managers: Chas. E. Ummach, manager bond and investment department; H. Matushek, manager foreign department; Stanley Liczmanski, assistant manager real estate department.

The officers of the Second North-Western State Bank are: John F. Smulski, president; William H. Schmidt, vice-president; F. E. Lackowski, vice-president; W. P. Maciontek, cashier; Frank N. Block, assistant cashier.

Directors of both banks are: George R. Benson, Benson & Rixon, clothing merchants; I. H. Himes, attorney at law; Joseph Korzeniewski, wholesale flour merchant; A. J. Kowalski, Jr., cashier; Edward J. Prebis, vice-presi-

dent; F. E. Lackowski, F. E. Lackowski & Company, realtors; Walter J. Raymer, western manager, American Pin Company, president Fullerton State Bank; William H. Schmidt, vice-president; Julius F. Smietanka, president Union State Bank of South Chicago; John F. Smulski, president.

GROWTH IN DEPOSITS AND RESOURCES

	Deposits Total	Resources Total
July 31, 1906.....	\$35,699.13	\$260,699.48
Dec. 31, 1907.....	1,069,647.82	1,332,061.97
Dec. 31, 1909.....	1,917,139.17	2,232,472.33
Dec. 30, 1911.....	3,049,033.25	3,506,075.47
Dec. 31, 1913.....	4,759,723.49	5,190,981.48
Dec. 31, 1915.....	4,852,303.39	5,403,037.32
Dec. 31, 1917.....	6,432,069.52	7,456,039.71
*Dec. 31, 1919.....	13,981,548.72	15,434,239.11
*Sept 6. 1921.....	18,240,162.21	20,347,351.41

GROWTH IN INVESTED CAPITAL

(Including capital, surplus and undivided profits)

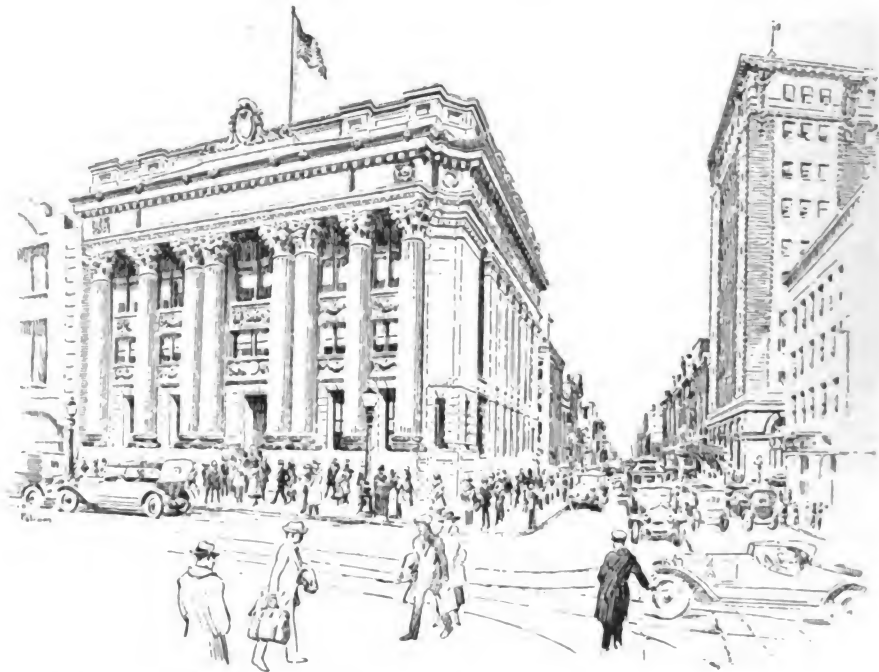
July, 1906.....	\$225,000.00
Dec., 1907.....	243,571.44
Dec., 1909.....	245,932.67
Dec., 1911.....	350,000.00
Dec., 1913.....	414,052.93
Dec., 1915.....	446,141.70
Dec., 1917.....	815,633.33
*Dec., 1919.....	895,595.28
*Sept., 1921.....	1,535,694.45

*Including Second North-Western State Bank.



CONDITIONS will stabilize first of all when nations learn that concord and co-operation with their neighbors constitute the only real firm basis for their own national prosperity. They will also improve when nations realize that they are not increasing their national wealth every time they turn out a batch of treasury notes from the printing press.

David Lloyd George.



Intersection of Genesee and La Fayette streets, showing present home of the Utica Trust and Deposit Company

Utica Trust and Deposit Company in a Progressive City

SITUATED strategically in the heart of a fertile valley, Utica is a meeting place for the prosperous modern farmers and dairymen of the section who route their produce through the excellent transportation system afforded by this progressive city.

As an industrial unit Utica draws to itself many skilled laborers and artisans, both American and foreign, a large number of whom are employed in textile mills. Various industries flourish under ideal conditions. There are some 20,000 Italians living in the city.

The Utica Trust and Deposit Company is a big financial dynamo supplying power to the individuals, firms and corporations of Utica, the environs and the entire state.

The Utica Trust and Deposit Company was formed in 1899 to meet the growing needs of the city for competent banking and trust service. Charter was applied for May 22, 1899, by James

S. Sherman, Thomas R. Proctor, D. Clinton Murray and Charles S. Symonds, Charles B. Rogers, George B. Dunham, Frederic K. Gilbert, John Owen, Henry W. Millar, Charles A. Butler, W. Stuart Walcott, Beecher M. Crouse and Robert S. Williams.

The above incorporators, with Judge Robert Earl of Herkimer, Frederick S. Easton of Lowville and Hon. William Cary Sanger of Sangerfield, former the first board of directors. The first officers were: President, Hon. James S. Sherman; vice-presidents, William Cary Sanger and Charles A. Butler; secretary, J. Francis Day, and counsel, P. C. J. DeAngelis, beginning business October 9, 1899, with the first banking quarters at 80 Genesee street.

HISTORY OF GROWTH

On March 22, 1900, expansion of business forced the company to move into the "old iron bank" building at



Main banking floor

LaFayette and Genesee streets, formerly occupied by the Savings Bank of Utica. This building was purchased in May, 1901, but by 1906 had to be enlarged and remodeled as a result of further expansion. February, 1912, found the needs of business increasing at such a rate that plans were drawn up for an entire new building to be erected on the same site, and in April of the same year business was moved temporarily to quarters at the junction of Genesee and Catherine streets. The corner stone of the new building was laid August 24, 1912, and the building erected early in 1913. Before its newness had fairly worn off business had again outgrown the available facilities of this building.

October 10, 1921, the twenty-second anniversary of its founding the present home of the Utica Trust and Deposit Company opened its doors to depositors, friends and the general public.

Its completion writes another chapter in the expansion of an unusually progressive financial institution. The floor arrangements duplicate those of the former building on a greatly enlarged scale.

It is interesting to note that while construction and alterations were being conducted business was carried on as usual, without the loss of a single day. Customers, understanding the difficulty under which the company was laboring, continued their banking transactions cheerfully and without complaint, realizing that every effort was being made

for their greater comfort and convenience in the future.

When business was begun the company had \$200,000 capital, \$200,000 surplus, no depositors and no deposits. The community was unacquainted with trust service. Now the trust department alone has assets of more than \$8,500,000 and the company today is proud to announce capital, surplus and undivided profits of \$1,800,000 with general resources of more than \$14,000,000.

THE NEW BUILDING

The new building is a monument to the faith, foresight and ability of those who have striven for the company and its customers. Architecturally beautiful, with every appointment for comfort and convenience it is well fitted to extend trust and banking service of a comprehensive character.

Among the striking features of the building are the handsome and roomy main banking lobby, the attractive and tastefully appointed women's department, and the trust and investment departments which can be reached by elevator or the main stairway. Worthy of especial mention are the five massive safe deposit vaults, impregnable fortresses which, surrounded by modern safety devices, offer adequate protection for valuables. Special coupon and conference rooms are at the disposal of clients.

The present building guarantees ample room for future growth, which



President's office

speaks well for the confidence of the officers in their organization, and in its ability to handle the increasing needs of Utica's many industries for constructive financial service.

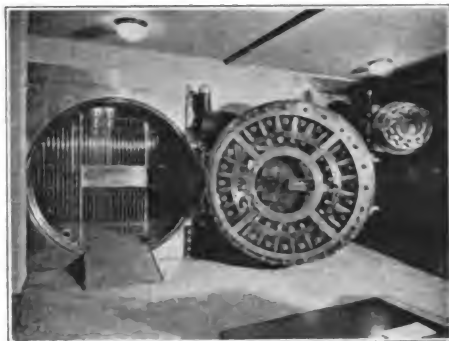
Already the growth of the city has demanded additional banking facilities which have been met by the East Side branch of the Utica Trust and Deposit Company at the corner of Bleeker and Albany streets. At the completion of its first year this branch bank had acquired 2,100 individual accounts.

The citizens of East Utica now have a conveniently located and complete banking and trust service in their own section of the city. Through interpreters, if they are needed, the foreign element receive here understanding and efficient attention to their financial needs. C. Raymond Hicks is manager of this branch.

The officers and directors of the Utica Trust and Deposit Company are as follows:

Officers: J. Francis Day, president; George E. Dunham, Sanford F. Sherman, vice-presidents; Graham Coventry, vice-president and secretary; Charles J. Lamb, treasurer; Grover C. Clark, Floyd E. Ecker, assistant secretaries; George W. Williams, assistant treasurer; C. W. Hitchcock, assistant to the president.

Directors: J. Francis Day, president Utica Trust and Deposit Company; Graham Coventry, secretary Utica Trust and Deposit Company; George E. Dunham, editor Utica Daily



Vault door

Press; Frederick S. Easton, president Black River National Bank, Lowville, N. Y.; S. F. Sherman, treasurer New Hartford Canning Company; J. J. Gilbert, president Herkimer County Trust Company, Little Falls, N. Y.; George C. Van Tuyl, Jr., chairman of the board Continental Guaranty Corporation, New York, N. Y.; Julius T. A. Doolittle, attorney; Andrew Frey, vice-president Oneida Knitting Mill; George DeForest, president Utica Steam and Mohawk Valley Cotton Mill; Charles B. Mason, attorney; Frank E. Wheeler, president International Heater Company; R. U. Sherman, president Pratt Chuck Company, Frankfort, N. Y.; Franklin A. Ethridge, A. Ethridge and Company, Rome, N. Y.; A. Sharpe Hunter, A. S. and T. Hunter; William Fraser, president Robert Fraser, Inc.; Edward J. Otis, president Otis Motor Sales Company.





Noel State Bank, Milwaukee and North Avenues and Robey Street, Chicago, Ill.

Noel State Bank of Chicago, Ill.

THE Noel State Bank of Chicago, Ill., has recently moved into its new building at Milwaukee and North avenues and Robey street. Its new location is in the district commonly known as the northwest side of the city, where are found communities of foreign-born citizens. It is in the heart of a busy section at the intersection of three main arteries of travel, all of the thoroughfares being lined for miles with retail business houses, small shops and manufacturing establishments. Joseph R. Noel, president of the bank is also president of the Chicago Association of Commerce and is one of Chicago's leading figures in general constructive planning that makes for the city's good.

This bank has always been noted for the service it renders to its customers and the president and other officers have built up an institution that has become a distinct influence in the community.

This is due to the loyalty of the employees themselves and to the family spirit evidenced among the bank's employees as much as to any other feature.

DESCRIPTION OF THE NEW BUILDING

The interior of the new building impresses the visitor chiefly because of its spaciousness which is accentuated by the amount of light which floods the room. Weary and Alford Company of Chicago were the designers. The bank is monumental in character and design—a modern adaptation of the Roman Corinthian order. It is absolutely fire-proof and consists of a main floor, a basement and a mezzanine, all devoted exclusively to the work of the bank. The exterior is Indiana limestone, with a base of Concord white granite. The structural skeleton is steel and the floors and roof are reinforced concrete. The same standard of excellency was ad-



The well-lighted banking room of the Noel State Bank

hered to throughout and only the very best of materials and workmanship were utilized.

The marble in the main lobby upstairs and downstairs is Verdello, from the Carrara quarries of Italy. It furnishes the color scheme for the main room, which is a light tan. The screens above the marble counters and the gates to the officers' space, are bronze, and with main lighting fixtures are finished to harmonize with the marble. The cage equipment is steel. The cabinet work in the vault booths and the trim throughout the building is American walnut.

The front part of the mezzanine is occupied by the publicity department. The entire rear part of the mezzanine is being reserved for future development, and will contain a directors' room, the president's office, various committee rooms, and considerable working space.

SAFE DEPOSIT VAULTS

There are six vaults, three of which are on the main floor. The walls, floors

and ceilings of these are heavily reinforced concrete eighteen inches thick and electrically protected.

The safe deposit vault, which is located in the basement, has a capacity of 10,000 boxes. It has two steel doors of equal strength. The circular one, which can be seen from the head of the main stairway leading to the basement, weighs approximately sixteen tons. The basement also contains various conveniences for the public including rest rooms and committee rooms; the employees' locker rooms, kitchenette and assembly room; a vault for old records, and the mechanical equipment. A large amount of space in the basement has been held in reserve to be developed according to future needs.

OFFICERS AND DIRECTORS

The officers of the bank are: Joseph R. Noel, president; James Davis, Frank W. Hausmann, vice-presidents; Lyman T. Burgess, cashier; Agnes J. Olsen, Arthur Kort, Frank L. Stetson, E. M. Breitsprecher, assistant cashiers.



Entrance to the safe deposit vault, showing the 16 ton door

The directors are: James Davis, Otto J. Hartwig, J. F. Fish, Frank W. Hausmann, Joseph F. Johnson, Gus G. Martin, C. V. Nieman, Joseph R. Noel, Peter P. Reisenhus, J. F. Schiffmann, Theodore Sheldon, Leonard Specht, Francis E. Thornton, Roger C. Wittenburg, Fred Zimmerman.

GROWTH OF DEPOSITS

The growth of the bank since the opening day is shown by the following table:

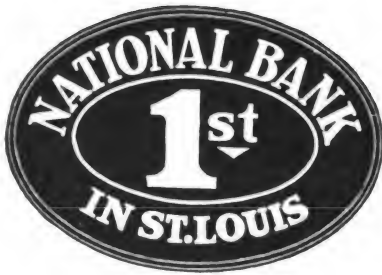
Opening day (October 28, 1905).....	\$ 252
January 1, 1910.....	534,000
January 1, 1915.....	1,500,000
January 1, 1918.....	2,300,000
January 1, 1921.....	5,600,000



Excellence—

in organization is a fixed principle with this large institution. Upon such a foundation the First National has built its superstructure of efficiency and service, which has enabled it to give eminent satisfaction to its large clientele.

Complete Banking Service



Largest National Bank West of the Mississippi

Banking and Financial Notes

SPECIAL

**BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

THERE are multiplying evidences of the fact that domestic business has "turned the corner" and is gradually but surely emerging from the deflation period that began about the middle of last year, according to the current issue of the Guaranty Trust Company's *Survey*. Two outstanding indications of the improvement are cheaper money, with its concomitant easier credit, and the more or less widespread industrial revival. The *Survey* says, in part:

A building boom is sweeping the country. There is decided betterment in the textile trades and the shoe and leather industries report progress. Our surplus copper is gradually being marketed at prices that tend upward. There is increased output of iron and steel, and the railroads are coming back into the market. Business failures are less numerous. Unemployment generally is decreasing and savings are increasing.

The banks of the country have been able, since the establishment of the Federal Reserve System, to aid in effecting a more orderly general readjustment of industry following a period of inflation than was possible so long as our banking system remained extremely decentralized. Such service, particularly in the last year and a quarter, has been of incalculable benefit to the nation's business. But the avoidance of a general collapse of credit, such as was repeatedly experienced before the organization of the Federal Reserve System, has necessarily tended to prolong the period of readjustment.

Meanwhile, through the gradual liquidation and utilization of accumulated stocks of commodities, the way has been prepared in a number of industries for an increased volume of production for current consump-

tion. The check to the downward course of general prices in this country and abroad has lessened the incentive to defer contemplated purchases, and this condition supplements the depletion of holdover stocks in creating an enlarged demand for current production.

But much must be done to expedite better conditions. The maladjustment between the prices of farm products and other commodities must be eliminated before we can consider liquidation as completed, or before there can be a full measure of prosperity. The tax burden must be more equitably distributed, and the high surtax rates reduced. The railroad funding bill should be passed as early as practicable, to put the carriers on their feet financially and re-establish railroad credit and operating efficiency. In view of our changed economic position, a permanent high protective tariff should not be enacted to hamper our foreign trade and prevent, or indefinitely postpone, the liquidation of our foreign debts. Every effort should be made to assure the success of the Disarmament Conference, and thereby reduce tax burdens and eliminate colossal economic waste. And finally, we must assist other countries to return to prosperity as quickly as possible, largely through discriminating foreign investments and long-term credits on an adequate scale.

How prolonged will be the period required for the complete resumption of the country's business activity on a normal scale must depend in considerable degree upon the progress of industrial and financial recuperation in other countries which consume American products.

IMPROVEMENT IN THE FINANCIAL SITUATION

The improvement in the financial situation in this country since the beginning of the reaction against inflation has been pronounced and well sustained. Since November 5, 1920, when total discounts of the Federal Reserve System were at their maximum,

and since December 23, when Federal Reserve note circulation was highest, almost continuous progress has taken place in the technical position of the banks. The extensive liquidation reflected by the Reserve System has been closely followed by distinctly easier money conditions and a stronger investment market.

Regardless of whether or not the security markets accurately forecast the future of general business, the recent remarkable improvement in the money and investment markets assuredly must have a beneficial effect on the fundamental elements in the situation. A long-time decline in money rates almost without exception has been a sequel of great wars; and the price of money, a real factor in the cost of commodities, usually follows the downward trend of price levels. The present situation is no exception.

The chief cause of the rise in the bond market is, of course, the decline in money rates. A special market factor at the present time is the small supply of new issues, other than municipals, as compared with the amount of capital seeking investment opportunities. A frequent complaint expressed by bond dealers is that their "shelves are empty." The acuteness of the situation is accentuated by the prevailing state of business, the use of new capital for construction and expansion being but a fraction of what it formerly was. The supply of funds for investment purposes consequently is unduly large, temporarily at least. There are other technical reasons serving to maintain the high levels. "Distress" selling, so prominent a year ago, has been practically eliminated and sales in large volume for income-tax purposes are unlikely, not only because the period of greatest stringency is past, but also because income-tax payments this year will be comparatively small, especially on the part of corporations. Furthermore, selling at present levels would not establish, in general, losses on investment issues purchased within the last twelve months.

THE DISARMAMENT CONFERENCE

The specific proposals of Secretary Hughes for the limitation of naval armaments by the three chief naval powers have been accepted in principle by the representatives of Great Britain and Japan. And apparently there is general confidence that a definite agreement will be reached for the execution of the plans in detail.

The reduction of governmental expenditures in consequence of any such drastic limitation of armaments as is proposed, including suspension of naval construction for a decade, would represent a direct economic saving of immense significance. The gains would not be confined to the mere alleviation of the burden of armaments upon the taxpayers. On the one hand, the nations concerned would be enabled to direct a

larger part of their public moneys to the support of programs of industrial and social betterment; and on the other, any lessening of taxation would permit the use of a larger share of private earnings for ordinary business undertakings.

In addition to the more immediate results, would be the psychological background, increasingly powerful, developed by the continuing utilization of economic resources less as means for the destruction of life and property and more as agencies for the conservation of life and the creation of wealth.

Any measure of success which may attend the discussion of the delicate and intricate problems of the Far East would supplement in incalculable degree the economic gains resulting from the limitation of armaments, for the removal of potential causes of international friction is an aid in the development of industry and trade. Moreover, the successful application of the principle of a concert of nations in dealing with Far Eastern questions would facilitate the application of the same principle, through machinery for continuing conference, to other problems which constitute a peril to the world's peace. Never before has there been so nearly a universal acceptance of the principles which the Washington conference is endeavoring to apply. With genuine hopefulness, therefore, we may await its outcome.

WHERE WE STAND IN READJUSTMENT

Under the head of "Where We Stand in Readjustment," the Mechanics and Metals National Bank of New York remarks in its December letter:

We see now, in a new perspective, what difficulties were stored up for the country during the period of rash inflation that we chose, from 1915 to 1920, to call a war boom. Deflation from a condition such as the country stood in two years ago has shown itself to be at best a hard performance. The principal difficulties have arisen from the disproportions that were brought about and by the manner in which these have thrown affairs out of balance at a time when stability was needed more than anything else.

Moreover, other difficulties have arisen from the inability of the entire world to shape its business course in the same manner as the United States has done, and from the unbalance of the international exchanges that has drawn so much gold to the United States. Our whole banking and credit system, and our position as an international financial leader, are affected in a peculiar and perplexing fashion by the quantity of gold that fills the vaults of the Federal Reserve banks at this time. There is no apparent likelihood of an early cessation of the import movement; the inward flow is because of our enormous foreign credit balances and because of the present inability



Seven Departments

All National

- | | |
|----------------------|------------|
| 1. Commercial | 4. Trust |
| 2. Savings | 5. Bond |
| 3. Banks and Bankers | 6. Foreign |
| 7. Safe Deposit | |

This institution with its seven departments is a striking illustration of the broad scope which the service of a strictly National Bank may now assume under existing laws. And each of our departments is actively functioning.

What may we do for you?

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, more than \$15,000,000.00

to correct the chaotic condition of the international exchanges. Coming from the four corners of the earth, and part of it virgin metal fresh from the South African mines, we have constantly to be reminded that the present supply of gold cannot be indefinitely retained here, but must be regarded in the nature of a trust fund for those nations which, when financial order begins to be restored, will require it.

We need to have it repeatedly called to our attention—even though we are in the midst of a period of deflation—that should we reverse our present course and inflate our credit system to the extent which would ordinarily be warranted by the growth of our ownership of two-fifths of the world's gold, the outcome would be to make it difficult to part with any of this stock of metal when the time comes for exports. With credit extended and prices inflated, we might then find ourselves in a position from which we could emerge only by again going through the process of violently curtailing credit and forcing a collapse of prices.

Our business structure at the moment is unquestionably nearer to a wholesome condition than we could, two years ago, have hoped for. Yet it is still to be determined how far we have proceeded toward that degree of stability from which a forward movement, on healthy, orderly lines, can confidently be counted on. It is seen that in the

South and Middle West the most important problem today, two years after the beginning of deflation, is the matter of shaping the course of debt reductions so that, while bringing about the smallest amount of individual harm, it will result in the greatest amount of general good. Relief for the producers is no longer to be expected from a policy of liberal extensions of credit for the purpose of enabling commodities to be held off the market in order to secure increased prices. Such a policy, carried too far in the past, has had consequences from which the country is now suffering. Rather, relief is to be looked for in the lower prices of the commodities the producers must buy, and in such reductions in transportation and distribution costs as will have the effect of enabling them to market their output at a profit.

POSITION OF THE FARMER

On the present unsatisfactory position of the farmer, who represents about half the consuming power of the United States, the National Bank of Commerce in New York says in a current letter:

The unsatisfactory situation in agriculture dominates the business outlook. In the cot-

ton states the relatively high price of cotton has encouraged the farmer, but uncertainty both as to demand for cotton goods and as to the size of the admittedly small crop has minimized the beneficial effects of better prices. Farmers in the grain states will hardly break even on 1921 operations at current prices of corn and wheat. While it is true that the prices of goods used by farmers have fallen, they are still well above the 1914 level. Grains are all close to or below prewar prices. In the face of these facts, the contention is not well founded that the farmer is wilfully refusing to buy, thereby delaying the return of better times.

The farmer represents about half the consuming power of the United States. The prices of crops are determined in the international market, and there are no reasonable grounds for an expectation of marked increases in those prices at any time in the immediate future. Reduction in the prices of what farmers buy would have exactly the same effect as higher prices for agricultural products. It is futile to contend that because of high labor and transportation costs the prices of other articles and commodities cannot decline to the level of agricultural prices. If ways are not found to lower the prices of all classes of goods which they need, and would like to buy, by means of lower money wages, higher labor efficiency, cheaper transportation and lessened distribution costs, the farmers themselves will not suffer greatly, but business of all kinds will be forced to operate on a restricted basis.

"NORMALCY" MUST WAIT ON AGRICULTURAL PROSPERITY

Expressing the opinion that no return to "normalcy" may be expected until the farmers' products sell at prices that are in line with the cost of other commodities and agriculture prospers, J. L. Johnston, president of the Liberty Central Trust Company of St. Louis, in a recent review of conditions printed in the company's publication *The Teller*, says:

• In the present period of readjustment, it is not easy to interpret the sum total of conditions at a glance. This is because the processes of liquidation have not been uniform in the case of all the main factors by which prosperity is measured. Some industries, for example, are well on their way upward; some have just passed the trough of the depression, others are still wavering. Consequently, in order to size up matters correctly, we will need to inspect an unusually large number of the basic elements. Less than ever can it be said that business conditions may be estimated by one industry alone.

To make any prophecies as to just when readjustments will be completed, and "normal" conditions restored, would be risky.

We need expect no "normalcy" in this country unless the agricultural districts prosper, and this cannot happen until the farmer's products sell at prices that are in line with the cost of other commodities. The farmer, moreover, must *feel* that prices have become stabilized; otherwise he will not buy goods. A big step toward this price stabilization was the recent rise in cotton; in this case a distinct improvement in business was noted almost at once, in the South—even before much cotton had actually been sold at the advance. The first effect was merely psychological, but was sufficient to cause increased trade activity.

MORE READJUSTMENTS NECESSARY

Commenting on several readjustments needed to right the present business situation the First Wisconsin National Bank of Milwaukee remarks in its November *Business and Financial Comment* that:

It takes more than one or two adjustments to right a business situation that is so badly out of joint. Wholesale prices have fallen forty-five per cent., but prices of some things fell from extreme heights and prices of other things from only moderately high levels. Prices of finished goods are still relatively high compared to farm products and raw materials, and the gap between wholesale and retail prices is still so wide that the cost of living has not fallen much over twenty per cent. It is of no great moment that the price of anything is such and such a per cent. below the peak of 1920 if it is still beyond the purchasing power of most people. It is not a healthy sign that high wages are being paid when operations in the plant are one-half or one-third of capacity. And it doesn't get us very far to urge reduction of freight rates and leave the railroads burdened with war-time costs.

The transition from a regime of easily earned money to one of hard earned money is extremely difficult because so many people figure that they will be the lucky exceptions to the working of economic laws. It is against the spirit of democratic fair play to let any group of people fix things so that they will always be winners, and never, by any chance, losers. We can no more maintain war-time wages than war-time prices and profits, nor can countenance be given to demands for top prices or top wages by any special class of sellers or wage earners when other sellers or wage earners have taken their reductions. In economic language, we speak of establishing a balance in production and distribution; in common parlance, we speak of the "square



A Complete Financial Service

WITH enlarged facilities and greater resources The Seaboard National Bank, now located in its new modern bank building, is in a position to render its customers and friends a financial service of larger scope than heretofore—and a service, too, that will meet your every requirement.

We offer you a complete commercial banking service, both domestic and foreign, together with excellent facilities for the handling of all fiduciary matters through our well organized Trust Department.

Our officers will welcome the opportunity to explain in detail the practical value of the special features of this complete financial and trust service and the benefits you can derive from it in a personal and business way.

The Seaboard National Bank

of the City of New York

Broad and Beaver Streets

Capital, Surplus and Profits over Eight Million Dollars

deal." These are two ways of coming to the same point.

THE EMPLOYMENT SITUATION

The Federal Reserve Board's December bulletin in comment on October reports on employment says:

The United States Employment Service reports an increase of 1.6 per cent. in numbers employed in fourteen selected industries of the United States in October. Such local reports as are available indicate that increases in numbers employed are slightly in excess of decreases. Generalizations are however, difficult because of the marked variations in employment conditions within the same community as well as between different regions, which grow out of the unequal degrees of activity prevailing in the several industries. For example, District No. 1 (Boston) reports that unemployment is serious in the shoe industry in Lynn and Haverhill and also in the centers of the jewelry and of the metal industries. Reports from metal goods centers are said to show a decrease of nearly fifty per cent. in numbers employed as compared with a year ago. On the other hand, the situation in the cotton and woolen textile industries is good and probably there has been a moderate increase in the number of employees

in most New England industries. The New York State Department of Labor reports a gain of 2.5 per cent. in numbers employed in factories in October. Moderate gains in employment in textile mills were counterbalanced by losses in the manufacture of clothing, but railroad car building and repair shops and railroad equipment factories took on a larger number of workers. In District No. 3 (Philadelphia) the Pennsylvania State Department of Labor reported slight increases in the numbers employed in the six cities of Altoona, Harrisburg, Johnstown, Philadelphia, Scranton and Williamsport.

Reports from other parts of the district also indicated improvement in employment conditions. In District No. 5 (Richmond, Va.) a slight increase in numbers unemployed was noted in the cities but in the rural sections of the Carolinas, the demand for labor strengthened with the resumption of a number of important lumber plants and other establishments. In District No. 7 (Chicago, Ill.) 271 firms employing 150,607 persons at the end of October reported an increase of 2.5 per cent. in numbers of employees as compared with the preceding month. The most conspicuous increases took place in iron and steel, railway repair shops and in the factories producing boxes and containers. The chief decreases were in construction work and in automobile and

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$355,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

automobile accessory plants. While the United States employment service figures revealed some improvement for the firms employing over 500 men in Minneapolis and St. Paul, it is stated in the report from District No. 9 (Minneapolis, Minn.) that clerical and domestic workers and those engaged in other lines of employment are idle in increasing numbers. Outside of the cities and larger towns, unemployment is also growing following the completion of harvesting. In Montana, coal mining and lumbering operations are more active but in copper mining and allied industries depression exists. In District No. 12 (San Francisco, Cal.) the completion of harvesting and cessation of work on highways and public improvements in October has resulted in increasing unemployment among unskilled workers in certain sections. On the other hand, there have been increases in numbers employed in the manufacturing and building trades.

OCTOBER'S FAILURE RECORD

Of the commercial failures in October, second largest in number to any month of the year, the Garfield National Bank of New York in its review of business during October says:

Several months ago when the number of commercial failures in the United States were gradually growing smaller month by month it was pointed out that this was an indication of returning prosperity. Warnings were given at the time, however, that as the year grew, an increase in the number of failures could again be expected. This is exactly what has happened according to the monthly reports of the leading mercantile agencies of the country. *Bradstreet's* report of business suspensions for October places the total at 1,806, the second largest of the current year to date. The record was in January the opening month of the year. As compared with September the mortalities registered an increase of about seventeen per cent. Compared with October of last

year the total is little more than 100 per cent. higher. Liabilities aggregated \$47,722,203 last month or about thirty-one per cent. larger than September. When attention was called to the fact that increased failures could be expected towards the end of the year, it was pointed out that this would be the result of the failure of a large number of business concerns to meet the readjustment at a time when it meant life or death to their business. Many commercial concerns of the country postponed the day of reckoning too long, and they are now paying the price by being forced to the wall, because they are unable to compete with the man who took a small loss in the beginning and liquidated his stocks, and is now able to undersell his competitors, as he is buying new stocks at much lower prices.

DISTRIBUTION OF INCOME

How is this income divided? In 1918, the year concerning which there is the best information, one per cent. of the income receivers obtained fourteen per cent. of all the income, five per cent. obtained twenty-six per cent. of the income, ten per cent. had thirty-five per cent. of the income and twenty per cent. had forty-seven per cent. of the income.

The National Bureau of Economic Research has estimated, over a period of seven years, the share of the total income which went to the richest five per cent. of the income receivers. The bureau's report follows:

In 1913-1915 the richest five per cent. received thirty-two per cent. of the total income—in 1916 their share went up to thirty-four per cent., but with the advent of the war, their share fell to twenty-nine, twenty-six and twenty-four per cent. respectively in the years 1917-1919, inclusive. From this the conclusion is that "the net effect of our

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GENERAL BANKING AND TRUST SERVICE

participation in the war was to diminish somewhat (at least temporarily) the inequality in the distribution of American incomes." This statement, moreover, makes no allowance for income-taxes, which still further decreased the inequality; but while the degree in which they did so is undoubtedly large, it is too uncertain to permit of accurate measurement.

DIVISION BETWEEN CAPITAL AND LABOR

One of the most interesting tables shows how the product of the large organized industries is divided between investors and management on the one hand, and salary and wage earners on the other. The record by years is as follows:

	Share of investors and management Per cent	Share paid in wages and salaries Per cent
1910	31	69
1911	28	72
1912	28	72
1913	28	72
1914	26	74
1915	28	72
1916	33	67
1917	31	69
1918	23	77

This appears again to indicate that the shares vary materially with periods of prosperity and depression, and bears out the general indication that our participation in the war was accompanied by a lessening of inequality of distribution. The data for later years is not yet obtainable; but it is the intention of the bureau to maintain its work on a continuing basis, and to publish the results for succeeding years as the facts become available.

SOURCES OF INCOME

The sources from which the income is drawn maintain a remarkably steady relation over the ten years studied. Taking a general average:

Agriculture contributed seventeen per cent. of the total, manufacturing thirty per cent., transportation about nine per cent., mining a little over three per cent., banking over one per cent., and Government about five per cent. The large group of the miscellaneous, such as merchants, retailers, professional men, domestic, various forms of service and others too numerous to mention contributed in the aggregate about thirty-three per cent. During the decade—the share of agriculture increased from sixteen or seventeen per cent. in the years 1910-16 to eighteen and twenty-one per cent. in 1917

and 1918. It is as yet too early to get the final results for 1919 and 1920. Government also increased its share materially with the extension of its war functions. The surprisingly small importance of mining and banking in respect to the total income is the feature of this table that will arouse the greatest interest. In comparison with manufacturing and farming they are almost insignificant.

The time honored opinion that America is a nation of spendthrifts is brought into question by the report. The savings of individuals going into extension of plant as represented by new corporate issues of securities; public improvements financed by state and municipal bond issues; and the great number of private houses built each year; all these mount up to a large total. The bureau is now engaged in making a more precise estimate of these yearly totals.

EFFICIENCY OF LABOR

It is frequently stated that workmen are now more efficient than a year ago. In order to secure definite figures, the New York agent of the Federal Reserve Bank addressed letters to seventy-four representative employers in this district asking them for any exact information which they might have concerning the hourly output per person in their establishments in 1913, 1918, 1920 and 1921. Replies received from thirty-seven establishments are published in the current issue of the Federal Reserve *Bulletin* of the second district:

Two-thirds of those replying sent figures or made definite comment. The consensus of opinion supported by the figures was that the output per worker is now considerably greater than in 1920, but many reported that the present efficiency of the workman is somewhat less than before the war. The returns made it clear that output per worker has been greatly affected by such factors as the reorganization of plants, new machinery, improvements in methods and processes, percentage of capacity at which plants have been operating and changes in the type of personnel due to the retention of more efficient employees and the elimination of the less efficient.

The number of firms (seven) submitting definite figures was so small and the results were so greatly affected by the factors mentioned above that the re-

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turns cannot be regarded as representative, but only as interesting examples. The figures are given in the following table. In order to place them upon a common basis they have been converted into percentages, taking 1920 figures as 100. In a number of instances the figures given for an industry represent averages of the figures for several processes, and in others they are for a single process only.

DAILY OUTPUT PER WORKER

Industry	Pre-war	1918-19	1920	Oct. 1921
Automobile	90	100	100	110
Bricklaying	130	100	100	122
Cable	74	100	100	121
Metal products	73	92	100	98
Shoes	90	82	100	119
Woolen cloth	109	112	100	100*
Optical	77	100	100	99

*Plant operating at fifty per cent. of capacity.

BUILDING

During the month of October, according to the Federal Reserve Board's bulletin, the valuation of building per-

mits issued in 166 selected cities showed a slight increase over September in Districts No. 1 (Boston), No. 6 (Atlanta), No. 7 (Chicago), and No. 9 (Minneapolis) and a substantial increase in Districts No. 2 (New York), No. 8 (Philadelphia), No. 4 (Cleveland), No. 10 (Kansas City), and No. 12 (San Francisco). The percentage of increase ranged from .4 per cent. in District No. 6 (Atlanta) to 38.3 per cent. in District No. 2 (New York). Decreases from the September totals occurred only in Districts No. 5 (Richmond), No. 8 (St. Louis) and No. 11 (Dallas). These decreases were 11.4 per cent., 38.5 per cent. and 36.7 per cent., respectively. In comparison with the corresponding period of 1920 the October statistics showed increases in Districts No. 2 (New York), No. 8 (Philadelphia), No. 4 (Cleveland) No. 5 (Richmond), No. 7 (Chicago), No. 8 (St. Louis), No. 9 (Minneapolis), No. 10 (Kansas City), No. 11 (Dallas) and No. 12 (San Francisco). These in-

In Buffalo the Big Bank is

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Capital and Surplus - Seventeen Millions

creases vary from 27.1 per cent. in District No. 9 (Minneapolis) to 230.5 per cent. in District No. 2 (New York). Districts No. 1 (Boston) and No. 6 (Atlanta) show decreases from October last year of 37.4 per cent. and 25.5 per cent., respectively.

While the total valuation of permits issued thus increased from \$151,974,000 to \$172,204,000, the value of contracts let in seven Federal Reserve Districts, prepared by the F. W. Dodge Company, decreased from \$227,473,000 in September to \$203,954,000 in October. Increases were shown in Districts Nos. 1 and 3, while the figures were practically unchanged in Districts Nos. 5 and 9, and decreased considerably in Districts Nos. 2 (New York), 4 (Cleveland), and 7 (Chicago).

District No. 3 (Philadelphia) reports that building operations are not so extensive as the number of permits granted would indicate, and that the volume of contracts let has not increased

correspondingly. The reduction in wages and costs of some materials has resulted in increased building of residences in District No. 4 (Cleveland). All states of District No. 7 (Chicago) and most of the cities participated in the increase of the number of permits granted in that district, and all of the states except Michigan showed an increase in estimated cost. In District No. 8 (St. Louis) there has been considerable growth in the construction of dwellings. The rural districts and smaller towns have taken a much more important part in this development. Further minor reductions are reported in costs of clay products, cement and metal goods, while lumber prices have advanced. Construction activities in District No. 12 (San Francisco) surpassed all records, both in the number and value of permits granted during October. This was due chiefly to the declining prices of many building materials and the reduced labor costs.

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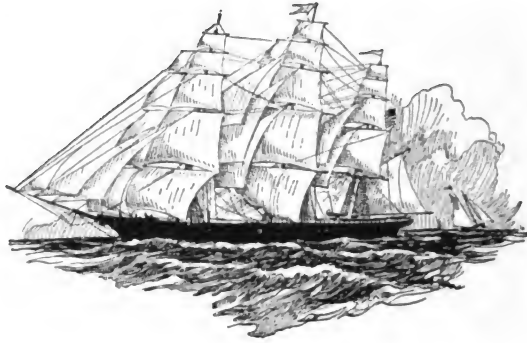
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EASTERN STATES

METROPOLITAN TRUST COMPANY
MOVES INTO NEW QUARTERS

Harold B. Thorne, who has been acting as president of the Metropolitan Trust Company of New York for the past six months, has announced that on December 5 the company moved its downtown office from 60 Wall street to 120 Broadway. The new quarters, in addition to being more commodious and convenient, are located on the ground floor of the Equitable Building.

The company feels that in its present location it is better situated for the convenience of lower Manhattan. The Fifth avenue



HAROLD B. THORNE

Acting president Metropolitan Trust
Company of New York

office, at 716 Fifth avenue, is not affected by the move.

When the company first opened its doors to the public, in 1881, it occupied a single room at 41 Pine street, with a force of four people. Five months later, the office moved to 17 Nassau street. Three years later, growth again made larger quarters imperative; these were secured at 35 Wall street. During the great blizzard of 1888, the company transferred to its own building next door, at 37-39 Wall street. From 1903 it was located at 49 Wall street, until 1917 when it moved to 60 Wall street—the location which it has just left. The present

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quarters offer every prospect of serving the company acceptably for many years.

NEW TERMINAL EXCHANGE BANK
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The Terminal Exchange Bank of New York, capitalized at \$200,000 opened on November 14, in the new Penn Terminal Building, at Thirtieth street and Seventh avenue.

Harry H. Revman, who has been active in the banking and mercantile fields for more than twenty years, is president of the new institution, which is to make a special appeal to firms affiliated with the garment and fur industries. The bank will also conduct a special interest department, as well as a safe deposit vault for safeguarding documents and valuables.

The new bank numbers among its officers and directors Barron Collier, Frank Hedley, president of the Interborough Rapid Transit Company; Harry Henemier, who will serve as vice-president and cashier; Charles H. Gallagher, assistant cashier;



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CHATHAM AND PHENIX NATIONAL PLANS TO INCREASE CAPITAL

Announcement was made recently by L. G. Kaufmann, president of the Chatham and Phenix National Bank of New York, that the present capital of the bank will be increased from \$7,000,000 to \$10,500,000, through the issuance of 35,000 additional shares of \$100 each, or fifty per cent. of the present capitalization. Such additional shares will be issued at \$150 per share and stockholders will receive the right to subscribe for them on a basis of one new share for every two old shares owned. The old stock has recently advanced from \$250 to \$300 per share. The additional capital, with the present surplus and undivided profits will bring the total of capital, surplus and undivided profits up to \$21,000,000. The

bank has deposits of approximately \$165,000,000.

PERCY J. EBBOTT JOINS SEABOARD NATIONAL BANK

At a meeting of the board of directors of the Seaboard National Bank of New York, held November 17, Percy J. Ebbott, formerly assistant vice-president of the National Park Bank, New York, was elected a vice-president.

Mr. Ebbott is a native of Wisconsin and after graduating from Oberlin College in 1910, was for several years engaged in the manufacturing business at Waukesha as vice-president of the R. L. Kenyon Company.

He became identified with the National



PERCY J. EBBOTT

Elected a vice-president of the Seaboard National Bank, New York

Park Bank in New York in 1913 and was elected assistant cashier in 1917.

Upon the declaration of war Mr. Ebbott left the bank to attend the officers' training camp at Plattsburgh, New York, and was commissioned a captain. He served eighteen months in the army, being discharged as major. He returned to the bank and in

May, 1920, was elected an assistant vice-president which position he resigned to accept a vice-presidency in the Seaboard National Bank.

Mr. Ebbott has a wide acquaintance among the many bankers of the United States, having attended the numerous bankers' conventions for a number of years. His experience in the handling of credits and banking in general should prove a valuable asset to the Seaboard.

CHARLES A. JACOBSON

Charles A. Jacobson of the firm of Campbell, Metzger and Jacobson has been elected a trustee of the Lincoln Trust Company of New York.

BOOKLET ON FOREIGN BONDS

Forty-eight foreign bonds, all of those listed on the New York Stock Exchange, are described in a booklet just issued by McKinley and Morris, 60 Broadway, New York. This is the first attempt to cover these issues in a comprehensive way and throws considerable light on the foreign debt situation which is so widely discussed at the present time of disarmament and debt limit agitation.

OPENS NEW BRANCH

The State Bank of New York has opened a Brownsville branch, at the corner of Stone and Pitkin avenues, Brooklyn.

NATIONAL CITY BANK ACQUIRES SECOND NATIONAL

Announcement was made recently by Charles E. Mitchell, president of the National City Bank of New York, that that institution had acquired approximately two-thirds of the capital stock of the Second National Bank, 250 Fifth avenue, and that the Second National would be merged with the Twenty-sixth and Broadway branch of the National City Bank.

The National City Bank has offered to purchase from the minority stockholders of the Second National Bank the outstanding stock at the same price the present block was purchased.

The Second National Bank was organized in 1863. It has a capital of \$1,000,000, surplus and profits of \$4,841,000 and deposits of \$17,718,000. W. A. Simonson, one of the vice-presidents of the National City, is its executive head, and through Mr. Simonson and other officers of the bank, the National City already owned a large interest in the institution.

The physical and legal details of the pur-

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\$542,229,313.90 and deposits of \$425,857,452.07. Capital, surplus and undivided profits total \$41,552,791.10, and notes, bills and acceptances rediscounted with the Federal Reserve Bank amount to \$17,925,000.

STOCKHOLDERS AND EMPLOYEES DINED BY THE MANUFACTURERS TRUST COMPANY

The Manufacturers Trust Company of New York was host to 1,500 stockholders and employees at its annual dinner, concert and dance in the Hotel Pennsylvania Saturday, November 19.

This was the third affair of its kind since the company introduced its innovation of stockholders of a banking institution assembling to hear at first-hand from the president of the company, an account of the stewardship of the officers and directors instead of obtaining such an account through cold printed figures, and the large number of guests taxed to its capacity not only the main ballroom of the Pennsylvania Hotel but the two banquet rooms as well.

The purpose of the annual function was explained by Nathan S. Jonas, president of the company, when the stockholders were first apprised of the new plan. He said: "While stockholders should be partners in

chase will be completed in time for the combined institution to reopen, in the present site of the Second National Bank, as a branch of the National City, about the first of the year. The institution is in the heart of what is becoming the textile center of New York.

ELECTION OF DIRECTORS OF FEDERAL RESERVE BANK OF NEW YORK

The election by member banks of Group 3, Second Federal Reserve District, of two directors of the Federal Reserve Bank of New York has resulted in the choice of Charles Smith, of Oneonta, N. Y., as a Class A director, and Frank L. Stevens of North Hoosick, N. Y., as a Class B director, each for a term of three years from January 1, 1922.

GUARANTY TRUST COMPANY OF NEW YORK

The statement of condition of the Guaranty Trust Company of New York as of November 15, 1921, shows total resources of



WALTER F. ALBERTSEN

Vice-president of the Mechanics and Metals National Bank, New York, whose death occurred on Nov. 17



JOHN C. FOLEY

Recently elected assistant treasurer of the United States Mortgage and Trust Company of New York

effect in any business, we know that ordinarily they vote by proxy and receive occasional statements and dividends, but otherwise are not afforded an opportunity either to participate or co-operate in the affairs of the usual corporation. We desire that our stockholders should become more closely affiliated with the institution, understand its aims and purposes and help to carry them out so that the accelerated interests and closer affiliation will in the end be reflected in greater and improved service to our customers and incidentally increased earnings and larger dividends to themselves."

No effort was spared to make the affair a huge success and the large family gathering entered into the spirit of the occasion with genuine enthusiasm and enjoyment.

Lieutenant Governor Jeremiah Wood was the only other speaker of the evening. He congratulated the stockholders and employees on the progressive management of the company and said that the precedent established by the Manufacturers Trust Company was one that could well be emulated by other institutions and corporations.



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Average Deposits, about	.	.	12,000,000

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AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

DIVIDEND ANNOUNCEMENTS

The board of directors of the National Bank of Commerce in New York has declared an extra dividend of four per cent. on the capital stock, in addition to the regular quarterly payment of three per cent. Both dividends are payable January 3 to stockholders of record December 16.

Directors of the Guaranty Trust Company have declared a quarterly dividend of three per cent. on the capital stock of the company for the quarter ending December 31, 1921, payable on that date to stockholders of record December 16.

Stockholders of the Title Guarantee and Trust Company at a special meeting approved the proposed increase in the capital stock from \$6,000,000 to \$7,500,000 and the declaration of a stock dividend of twenty-five per cent.

METROPOLITAN TRUST COMPANY OF NEW YORK

The statement appearing on page 1,000 of the November issue of *THE BANKERS MAGAZINE*, that the Metropolitan Trust Company of New York had been merged with the Chase National Bank, was an error the pub-

lication of which *THE BANKERS MAGAZINE* deeply regrets. The bank that was merged with the Chase National was the Metropolitan National Bank.

The Metropolitan Trust Company has not merged with any bank, but is conducting business as heretofore under its own title at 120 Broadway.

JAMES M. POTTS

James Meckley Potts, assistant cashier of the Seaboard National Bank, New York, has resigned to become associated with E. Gerli and Company, Inc., raw silk dealers, of New York.

Mr. Potts' experience in banking and general knowledge in financing along credit lines should prove to be valuable in his new connection. He will leave shortly to go abroad for three months and will visit the important silk markets of Europe to study and investigate the silk industry in general.

THE STATE BANK OF NEW YORK

The statement of condition of the State Bank of New York at November 15, 1921, showed total resources of \$90,607,372.82, capital, surplus and undivided profits, \$6,851,923.10 and deposits, \$82,110,870.58.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

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Transacts commercial
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Capital, Surplus and Profits
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THE banking quarters of the Metropolitan Trust Company of Boston, showing the possibilities of the remodeling of an old business building for the requirements of a modern bank. Finished in Rose Tavernelle marble and bronze, with mahogany woodwork.

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511 Blackstone Building, Cleveland, Ohio

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

NEW ENGLAND industries are holding their gains well and for the most part are materially strengthening their position. This is particularly true of the great textile industry, which is already operating to within eighty-five to ninety per cent. of capacity. The shoe manufacturing industry is not so fortunate. Labor complications still hamper the big shoe manufacturing centers and, as a result of these troubles and the high wages that still prevail in many of the plants, many orders for shoes are going to the western factories and New England is faring rather poorly. However, there has been some improvement since last month and the trade is a bit more optimistic.

The labor situation is materially improved. Reports from the public employment offices show a sharp falling off in applications for work and for the most part labor has settled down with fairly good grace into steady work at reduced wages.

Business failures exceed in number those of other years by about the same proportion as prevails in other parts of the country. There is nothing in the reports, however, to indicate any new or special strain, and for the most part the failures are those of relatively small concerns.

Money is easier and rates have dropped materially. The general banking situation is satisfactory, with a steady growth in deposits and a fair demand for money. Mortgage money is plentiful for all but the speculative builders.

A material change has come over the building situation, for prices of lumber and other materials have hit bottom and even started to rise. The general impression is that building can be done cheaper now than it will be possible to do a year from now. Architects have a great deal of work on the boards and the prospects seem bright for a busy spring.

General trade in wholesale lines has quieted down temporarily, due to seasonal conditions and the approach of the inventory period. Retail lines, however, show constant improvement. The early holiday trade was a bit disappointing but it soon speeded up and has bettered in volume if not in value the trade of last year. Retail stores report that collections are a bit slow but that there has been some improvement during the past month. The stores are, for the most part, buying close to immediate needs.

The President's message created a fine impression in New England, particularly in his reference to the need of prompt action

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000
Surplus and Earnings 302,580

F. A. Drury, President.
T. J. Barrett, Vice-President.
H. M. Abbott, Treasurer.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

on the tariff. New England is vitally interested in the tariff and proposes to be heard forcefully in the preliminary committee meetings. The woolen, cotton, hide, shoe, jewelry and other interests are all expected to take an active part in these hearings.

The investment situation has improved materially and conservative New England investors are quietly buying for permanent investment accounts. The coppers have taken on new life and many of New England's own industrials have materially improved their market position during the past month.

ELECTION OF OFFICERS OF
SUFFOLK BANK

At the annual meeting of the Suffolk Co-operative Bank held recently, George R. Glendining, was added to the board of directors. Albert N. Murray was elected president; John A. Havey, vice-president; Ernest A. Hale, treasurer, and William L. Anderson, Chester S. Patten, J. Henry Miley and George Taylor, directors, all re-elected.

ROBERT W. MAYNARD

Robert W. Maynard, president of the R. H. Stearns Company, has been elected a director of the Merchants National Bank of Boston.

ROYAL S. WENTWORTH

Royal S. Wentworth, vice-president and trustee of the County Savings Bank at Chelsea, Mass., has been elected treasurer in succession to W. S. Fracker.

VICE-PRESIDENTS OF BOSTON
BANK

Harris M. Richmond and George W. Fulks have been elected vice-presidents of the Metropolitan Trust Company of Boston, Mass. Mr. Richmond was formerly with the Commonwealth Trust Company of that city.



The new Jemison & Company Building, Birmingham, Ala.

Messrs. Warren and Knight, Architects

Are You Prepared for Your Business Growth?

A Southern business organization have prepared for future development by erecting a magnificent *Indiana Limestone* building, shown in the above illustration. It is 50 x 100 feet, two floors and basement, with foundation sufficient to carry ten stories.

This is an excellent example of business vision, for they are assured of adequate facilities for unlimited growth.

The inevitable turn of the business tide may necessitate expansion of *your* present quarters. What preparations are you making for growth?

If you are planning a new or altered building, this Association shall be pleased to co-operate with you.

Our interesting booklet illustrating Indiana Limestone bank buildings will be mailed on request

Indiana Limestone Quarrymen's Association
Box 790, Bedford, Indiana



Comprising Virginia, West Virginia, North Carolina, South Carolina,
Georgia, Florida, Alabama, Mississippi, Louisiana, Texas,
Arkansas, Kentucky, and Tennessee

By THOMAS EWING DABNEY

Figures compiled by the Federal Reserve Bank of the Sixth District show that merchandise is moving in greater volume, though in less value, than a year ago; that September's sales (the latest month for which there are statistics), exceeded August's; that textile manufacturing is on a full-time basis; that additional furnaces are being put into operation in the iron and steel district; that building has been increasing; that the labor situation has shown considerable improvement.

"The business public does not expect any sudden revival of prosperity, nor a revival of the excessive profits which were made in 1919 and the early part of 1920, but those enterprises which are willing to conduct their business as economically as possible, and who are satisfied with fair profits, do most toward effecting a return to normalcy."

September's sales by thirty-one representative department stores in the sixth district were 22.9 per cent. less than during the same month last year. For the period July 1-September 30, sales were 22.2 per cent. less. This indicates there has been an improvement.

About the same ratio of progress was shown in October. But those figures are not yet available. However, September's figures tell the story.

New Orleans continues to enjoy the greatest business health in the district. While the average retail business for the district was 22.9 per cent. less in September, 1921, than in September, 1920, New Orleans' business was only 15.7 per cent. off. Nashville was second, 22.1 per cent. Then Birmingham



The Branch
Our first President.

RICHMOND, VA.

Capital	\$400,000
Surplus and Profits over	1,825,000

Send Us Your Items

"ON TO RICHMOND"

Super-Safety



LOOK FOR
"THE MARK OF SAFETY"
Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use.

Insured
SUPER-SAFETY
BANK-CHECKS

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The Bankers Supply Co.

**For the greater protection
of you and your depositors
without increased cost.**

In hundreds of towns and cities these INSURED checks are now already being used by banks as a powerful influence to attract new business.

A Master Bond, beautifully designed and framed to hang in the lobby, protects each bank. Individual Bonds guard your depositors, providing most perfect identification also. They give banks a fine "point of contact" in their constant visible evidence of security against check raisers. Is your bank helping to prevent a loss estimated at \$30,000,000.00 for a single year?

Write us or see our representative

The Bankers Supply Company

*The Largest Manufacturers of Bank Checks
in the World*

New York Chicago Denver
Atlanta Des Moines San Francisco

ham, 23.9 per cent. less; and Atlanta, 36.7 per cent. less.

Likewise New Orleans' stocks were lower than those of any other listed city. They were 16.9 per cent. less in September, 1921, than in September, 1920.

In outstanding orders September 30, 1921, compared with total purchases in 1920, New Orleans again led, with a score of 10.9 per cent., followed by Atlanta, 9.6, Nashville 7, and Birmingham 6.

Improvement, both seasonal and general, is reported by the wholesale trade. Wholesale dry goods were five per cent. better this September than last. In the other lines, these decreases ranged from twenty-seven to forty per cent. The wholesale business of September compared with August, 1921, shows: groceries, 5.8 per cent. increase; dry goods, 33.9 per cent. increase; hardware, 16.2 per cent. increase; shoes, 35.7 per cent. increase; furniture, 14.2 per cent. increase.

Better prices, on the whole, are being paid farmers for their goods. The advance has been more rapid, during the past several months, than the ten-year average for that period of the year. In the sugar section of Louisiana, however, the outlook is not so encouraging. Because of the low price of sugar, the planters are wondering how they will get out of the hole. Most of the plantations are heavily mortgaged—some, it is stated, up to what they would bring now if put on the market.

Though there has been some improvement in financial conditions, banks in a number of places express disappointment that the liquidations of cotton and other agricultural paper has not been made as rapidly as had been expected, following the rise in the price of cotton. Much of the carry over cotton is being held, when it was believed this would be disposed of, as the price doubled in sixty days.

There has been an increase in the demand for funds caused by the movement of cotton and other agricultural products in the market and the fall buying in various lines of business. Both demand and time deposits show decreases compared with last year and the preceeding month.

Debits to individual accounts in the principal cities with one exception show decreases for September as compared with the same month last year. That exception is Nashville, where the debits show a four per cent. increase. The smallest decrease was registered at Vicksburg—4.3 per cent. In Atlanta, there was a 17.1 per cent. decrease; Birmingham, 18.7 per cent.; Mobile, 34.7; New Orleans, 26.5; Tampa, 21.2. The average for the sixth district showed a de-

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM B. WEBB, Asst. Cash.

crease of 21.8 per cent., compared with 15.8 per cent. for the entire United States.



ASSISTANT CASHIER OF BANK DETECTS COUNTERFEITS

In the arrest in Asheville, N. C., of a man giving his name as A. E. Ellis, residence, Newport, Tenn., Federal authorities believe they have apprehended a member of a band who has disposed of thousands of dollars in raised currency during the past few months.

Last September, four raised bills were passed in the city, and these made their way to the American National Bank. One dollar bills had been converted into tens.

Since the time those bills were received Paul P. Brown, assistant cashier of the American National Bank of Asheville, Tenn., had wondered what would be done with the \$10 bills from which the ends were clipped. These Ellis brought into the bank with the explanation that the ends had been scorched.

Mr. Brown notified the United States marshall's office and Ellis was detained.

ENLARGED QUARTERS OF BALTIMORE BANK

The National Exchange Bank of Baltimore, Md., on November 28 opened for inspection their improved and enlarged banking quarters. The bank building is of brown stone in fifteenth century Italian Renaissance, classical in outline. Its frontage on

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
E. H. Pringle, Jr., Vice-Pres.
R. S. Small, Vice-Pres.
A. R. LaCoste, Vice-Pres.
G. W. Walker, Cashier.
J. H. Lucas, Assistant Cashier.
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
Drafts on Charleston drawn with exchange remitted without charge.

A necessity to insurance companies, bond houses, banks, municipal authorities, corporations and civil engineers.

Has been highly endorsed by universities, members of the actuarial profession and leading bankers.

FINANCIAL ENCYCLOPEDIA

By PIERRE ZALDARI

Author of Annuities and Amortization Tables,
Trade Acceptance Discount Tables, etc.
Special Lecturer at the College of the City of New York

The solution of all financial problems, involving compound interest and discount, annuities and present worth of an annuity, amortization and sinking fund investments and the like may only be obtained by two processes. The first requires as a basis a command of the theory and use of logarithms. The other process is furnished by the very practical and simple method given by this book.

500 PAGES OF TABLES

Every rate from $1/8\%$ up by $1/10$, $1/6$ and $1/8\%$ for direct solutions, and 1048 intermediary rates from $1/100\%$ to 11% for solutions by interpolation. 240 periods for direct solutions and any number of periods by interpolation. All calculations may be made for annual, semi-annual, quarterly, monthly and weekly periods if desired.

Compound Interest, Power of 1.0001, Present value of 1, Annuity of one per period (end), Annuity of 1 per period (beginning), periodical payment that 1 will purchase, Present value of 1 per period, Periods of time required to accumulate a sinking fund, etc., etc.

Contains a complete description of every known method of financing.

Contains the only complete tables for sinking funds, annuities and amortization.

Solves all problems on compound interest and discount which are the basis of all financial transactions.

Explains a practical method of comparison of different classes of bonds to find the most advantageous investment, with the effective rate of interest as basis.

Solves all financial problems for any

rate of interest and for any number of periods of time, annually, semi-annually, quarterly, monthly and weekly, if desired.

It shows the method of obtaining the exact yield on bonds for any rate of interest and for any periods of time, not only for bonds redeemable at par as the yield books show, but also for bonds redeemable at a premium or with prizes and also bonds redeemable by drawings.

Shows the method of constructing the charts for loans arithmetical as well as geometrical.

BANKERS PUBLISHING COMPANY

253 Broadway, New York

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about
February, 1922*

*Limited edition—
1000 copies numbered.
Price \$50.00*

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000
Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V-Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

four streets gives light from all sides. For the convenience of women patrons there is now provided a well appointed room. The safe deposit vault is of the most modern and substantial type, fire and burglar proof. The department of savings has been arranged with a view to personal convenience and office efficiency.

The bank was organized in 1865 and its present capital, surplus and undivided profits amount to \$2,900,000.

BANK OF EASTERN ARKANSAS CELEBRATES ANNIVERSARY

The Bank of Eastern Arkansas in Forrest City, Ark., celebrated its thirty-fifth anniversary on November 15. In response to the announcement that curios and relics of thirty-five years ago would be placed on exhibit several hundred articles were brought to the bank.

The Bank of Eastern Arkansas is the oldest financial institution in the county, having been organized in 1886 with a capital of \$30,000, and has proven a most useful and successful enterprise.

MIAMI BANK IN NEW HOME

The First National Bank of Miami, Fla., has recently moved into a new building in the center of the business district of the city. The building is ten stories high. The banking-room will occupy the main floor and the second mezzanine, the mezzanine being used for working space, officers' rooms, etc.

The First Trust and Savings Bank, an affiliated institution with the First National Bank and the First National Company, has its own building, which was recently constructed and occupied for the first time last January. The combined institutions have capital and surplus in excess of \$900,000.

CHATTANOOGA SAVINGS BANK, TENNESSEE

The statement of condition of the Chattanooga Savings Bank, Chattanooga, Tenn., at the close of business, November 18, 1921, showed total resources of \$6,456,053.80, capital, surplus and undivided profits, \$1,178,603.28 and deposits, \$4,638,191.88. Trust department assets not included in the above are \$7,020,042.77.

1865



1921

Furs For the Holidays



Useful Gifts of Practical
Utility Are Always
Appreciated

OUR ASSORTMENT
INCLUDES EVERYTHING
FASHIONABLE

IN

COATS :: WRAPS
SCARFS and MUFFS

Comparison of price, quality
and workmanship
invited

C. C. SHAYNE & CO.

Manufacturers of

STRICTLY RELIABLE FURS

126 West 42nd Street

New York

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

THE comparative ease of money conditions in the seventh reserve district at this time of year, when usually banking resources are strained by the demand for funds for the moving of the year's principal cereal crops, is unprecedented. The development has been none the less surprising because the reasons for it are easy to discern. One is the fact that the call for money for commercial and industrial needs is greatly reduced. Another is that because of the drastic reduction in the prices of grains it requires only about half as much money to finance a given amount of produce as it did last year.

Notwithstanding these favorable factors liquidation still has a long way to go. It is much farther advanced in the business liquidation still has a long way to go. It the cities bank loans are down to a fairly satisfactory level. Some of the Chicago banks that a year ago were the largest borrowers from the Federal Reserve Bank, have paid off all those loans. In the country, on the other hand, the process of digging out from under the load of obligations incurred in the two years following the signing of the armistice is slow and it is generally realized that it will require two or three crops to complete the liquidation. Banks in the interior are in a much more comfortable position than they have been at any other time for several years, because of the heavy marketing of farm products in the last six months and the relief derived from the loans of the War Finance Corporation to agricultural interests of different kinds, but they are not yet embarrassed by idle funds.

The Federal Reserve Bank's condition is slowly growing stronger. Rediscounts are gradually being reduced and reserve note circulation also is decreasing, while the reserve ratio is around seventy-three per cent. Rates for commercial paper range from five to five and three-quarter per cent., having shown little change since the reserve bank reduced its rediscount rate to five per

The Heart of the Nation

A great triangle with Glacier Park,
Niagara Falls and the mouth of the
Mississippi for its corners—

The heart and bread basket of the
United States—

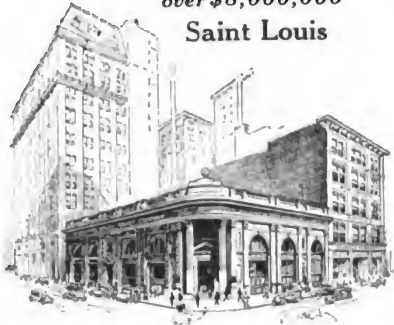
A well rounded financial and trust
institution which aims to meet the
needs of this great valley.

Mississippi Valley Trust Co.

Organized 1890

Capital, Surplus and Profits
over \$8,000,000

Saint Louis



cent. Bank loans are six to six and one-half per cent.

An indication of the helpful effect of the loans now being made by the War Finance Corporation is the fact that steps were taken this month for winding up the affairs of the \$50,000,000 pool which was formed last summer to give financial relief to the livestock industry. Subscriptions to the funds of the pool were made by eastern and western bankers, each group providing \$25,000,000. The total of loans made is only about \$19,000,000, which is surprising in view of the clamor that was heard when the pool was formed about the dire necessities of the industry and the fact that under the terms it offered money was obtainable at

PEABODY COAL SUPPLY SERVICE



Large consumers of coal can secure a constant supply without the uncertainty of a fluctuating market — without the hazards and burden of operating mines — by the practical plan which has

Saved \$1,000,000 in One Year for One Company

A long term contract for the output of a mine gives you all the advantages of ownership with none of the disadvantages. You secure your coal supply at the rock bottom cost of efficient operation, plus a minimum fair profit, through the facilities of a practical coal mining and managing organization.

*Descriptive illustrated booklet
mailed on request*

PEABODY COAL COMPANY

Founded 1883

332 So. Michigan Ave. • CHICAGO

Operating 36 bituminous mines in 11 fields with
annual capacity of 18,000,000 tons

a cost of eight per cent. The good accomplished, however, was much greater than the amount loaned would seem to indicate. The chief benefit was sentimental and the formation of the banking group probably released a great deal more money for the use of cattle raisers than the pool itself lent, by reassuring the local bankers and giving them the safeguard of an outlet for paper in case one should be required. Representatives of the pool went to Washington recently to take up with the War Finance Corporation

the taking over of the paper accumulated.

Wholesale orders are running ahead of those at the corresponding time last year in both numbers and volume of merchandise. Prices are more steady and buying for spring is going ahead satisfactorily. It is noteworthy that merchants are strongly antagonistic to any movement in the direction of higher prices, and in this they undoubtedly reflect the temper of their customers. When any such tendency develops there is an immediate slump in buying. One of the largest wholesale houses, at the time of the recent advance in raw cotton due to crop shortage, put into effect an increase of twelve and one-half cents on a certain line of towels—barely enough to cover the higher cost of the material used in their manufacture. Orders at once dropped seventy-five per cent. That is a typical case and throws an interesting sidelight on the psychology of the business situation.

For an explanation it is only necessary to go back to the farmers. They constitute by far the most important buying class of the central states. The price of everything they produce has been severely deflated. The price of most of the things they buy shows only a slight downward revision. The feeling is growing among bankers and commercial leaders in this section that business conditions cannot be improved materially until that difference is narrowed.

Evidence corroboratory of this theory is found in the fact that retail trade during the pre-holiday period has been slow in the country districts, although fairly satisfactory in the cities. The sales reports of the large mail order houses give further testimony of the same kind. They are thirty-five to forty per cent. behind those of last year. Jewelry is off fifty per cent. and graphophones show a shrinkage of seventy-five per cent. Hardly any agricultural machinery is being bought, even when offered at greatly reduced prices. Staple articles of necessity are moving fairly well, but nowhere is there any rush.

Manufacturing makes headway very slowly and most of the gain is in the steel and iron industries, due to an increase of buying by the railroads and the oil producers. Steel mills of the district are operating at around fifty per cent of capacity, as against twenty-five to 35 per cent. at the lowest point last summer. Substantial orders for cars placed by the railroads have helped materially in this improvement, and the carriers are also buying more freely of track supplies than a few months ago.

There seems to be a general expectation in the trade that the first outward evidence

of the success of the pending consolidation of independent steel companies will be an advance in prices of products all along the line. The prime motive of the merger is understood to be not financial promotion or profit from security-selling, but the stopping of losses from operations due to the present hand-to-mouth state of buying and manufacture. For that reason a marking up of quotations seems probable, even before the final details of the corporate merger have been worked out.

Railroad traffic shows some diminution now that the heaviest movement of the season's grain crops has passed. The decrease is noticeable more in car reports than in the earnings of the carriers, the latter now being protected by a more satisfactory control of operating expenses than existed a few months ago. The lower figures on freight volume are due also to the fact that the movement of coal is much less than usual for this time of year. Mild weather in the early part of the winter caused domestic consumers to withhold orders as long as possible and to do less storing than in normal times. Industrial demand has not increased and users of this class also are disposed to buy only for immediate needs.

There has been some increase in building activity, principally in the way of dwellings and small apartment houses. Large projects still await settlement of labor controversies. An imposing demonstration for enforcement of the Landis award and, where those terms are not accepted, the open shop, probably will have a beneficial effect when spring operations begin, but has not yet brought much change. Building materials, especially lumber, are considerably higher than a month or so ago.

Investment demand is strong and the chief problem of security dealers is in finding satisfactory material for offerings. This condition has been of benefit to many banks by making possible the funding of some good-sized corporation obligations that have been carried for a long time. Fears are expressed, however, that the pressure to buy may result in flotations of doubtful merit that will injure the market and take the edge off public demand. Rates of return on the best securities are steadily receding, leaving the high-return field to issues of secondary grade, more and more of which are now appearing. Savings deposits are holding up remarkably well, considering the amount of unemployment that prevails. Many of the larger banks show actual gains in the last month or so, those that are falling behind being principally those in purely industrial districts.



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**

**LADIMER HAJEK**

Assistant secretary Union Trust Company of Cleveland and branch manager in charge of the 105th-Pasadena office

**HARVEY B. CHAPPELL**

Assistant treasurer Union Trust Company of Cleveland and branch manager in charge of the Lorain-93rd office

TWO NEW BRANCHES FOR CLEVELAND BANK

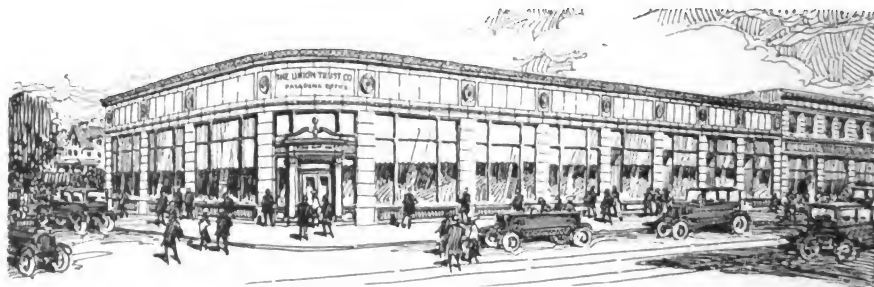
Ladimer Hajek, assistant secretary of the Union Trust Company, Cleveland, has been appointed branch manager of a new Union Trust office at East One Hundred and Fifth street and Pasadena avenue.

Mr. Hajek entered the old Woodland Bank at Woodland and East Fifty-fifth street, Cleveland, twelve years ago, as a

teller. Within two years he became auditor in charge of employees.

The building for the new office is being erected on the southeast corner of Pasadena and East One Hundred and Fifth street. The exterior will be two stories in height but only one story in appearance, allowing for seventeen feet of head room in the bank interior.

The bank will occupy the entire Pasadena frontage and sixty-two feet on One Hun-



105th-Pasadena office of the Union Trust Company of Cleveland

Buying and Selling

orders for Liberty Loan Bonds and Victory Notes promptly executed.

Nominal market quotations on Liberty Bonds are furnished daily upon request.

Correspondent banks are invited to use this service.

General Banking Trust Service Investments
Foreign Department

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

Bond Department
R. U. LANSING, Vice President & Manager

Banks and Bankers Department
F. A. CRANDALL, Vice President

dred and Fifth street. The remaining sixty-eight feet on One Hundred and Fifth street will be divided into four store units—three with a frontage of sixteen and one-half feet and one with a frontage of eighteen feet, all sixty feet deep.



Lorain-93rd office of the Union Trust Company
of Cleveland

The exterior of the building will be handsome in the extreme as it will be finished with stone on the One Hundred and Fifth and Pasadena fronts and the stone trim and paneled brick will be carried back on the east elevation forty feet. The banking room itself will be so arranged that the en-

tire space of sixty-two feet square will be free of interior supports.

The bank vault, safe deposit boxes and coupon rooms will be a part of the main banking floor.

This new office will be known as the One Hundred and Fifth-Pasadena office of the Union Trust Company.

The Union Trust Company has also announced another branch to be opened in the future. It will be on the northeast corner of Lorain and West Ninety-third street and will be known officially as the Lorain-Ninety-third office.

The building which is to be a modern structure with a stone front, is located in a thriving section which centers in and around Clark and Ninety-third and Dorain.

Harvey B. Chappell who has been appointed manager, started in 1900 with the old Union National Bank as messenger.

He went through the various departments, and his banking experience now covers practically every phase of modern industrial and personal banking.

NATIONAL CITY BANK DIVIDEND

At a meeting of the board of directors of the National City Bank of Chicago, held

*Proved in
Performance*

WALLIS TRACTOR

Dealers are invited to
write for proposition.

J. I. CASE PLOW WORKS CO.

Dept. A869 Racine, Wisconsin

*NOTICE: We want the public to know that the
WALLIS TRACTOR
is made by the J. I. CASE PLOW WORKS
COMPANY of Racine, Wisconsin, and is NOT
the product of any other company with "J. I.
CASE" as part of its corporate name.*

November 29, the regular quarterly dividend of two per cent. was declared and an extra dividend of two per cent., payable January 8, 1922, to stockholders of record December 31, 1921.

GUARDIAN SAVINGS AND TRUST APPOINTMENTS

Peter P. Janicki has been appointed manager of the Woodland-Thirty-first street office of the Guardian Savings and Trust Company, Cleveland. This was formerly known as the Spira office. Mr. Janicki has been with the Guardian eleven years, and was a commercial teller before his promotion.

F. L. Roberts, formerly in charge of the Buffalo and later the Cleveland office of the Guaranty Trust Company, New York, has been named assistant manager of the foreign department of the Guardian Savings and Trust Company. He was for seven years with the bureau of foreign and domestic trade of the Department of Commerce.

Clay Herrick, manager, and H. H. Mc-

Kee, assistant manager of the credit department, are the only bankers conducting A. I. B. courses in Cleveland this fall. The other teachers are from Western Reserve University and the city high schools. Mr. Herrick conducts the course in credits and Mr. McKee has three large classes in practical banking.

PRESENT BANK WITH PORTRAIT OF FOUNDER

The board of directors of the Central National Bank Savings and Trust Company of Cleveland, presented the bank with a life size portrait of Col. J. J. Sullivan, their



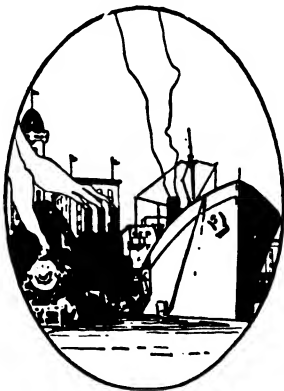
COL. J. J. SULLIVAN

Chairman board of directors and founder of the
Central National Bank Savings and Trust
Company, Cleveland

chairman, and founder of the bank, at the close of their regular meeting November 10.

The gift came as a surprise to Col. Sullivan and his associates as none of them understood the motives of a group of friends who had asked him to pose for it.

The portrait was made by E. Hodgson Smart, widely known portrait painter, whose likeness of Marshal Foch caused con-



The Whole Range of Investment Service

ANY time that you want to make an offer for the purchase or sale of bank acceptances, bear in mind that we will be glad to receive your offer. We are always ready to quote you the most favorable rate on our own acceptances, when available, or if you prefer we can procure acceptances of other large banks and trust companies.

In the matter of longer time investments we can offer a wide range of highest grade securities through our bond department, which not only participates in the best syndicated issues, but handles securities of its own origination as well.

Feel free to call upon us either for services of our credit department in checking up paper, or our bond department for quotations for purchase or sale of long or short time securities.

Capital and Surplus \$33,000,000

The Union Trust Company *Cleveland*

siderable comment in art circles when recently presented to the Cleveland Museum of Art. Col. Sullivan is affectionately referred to as "The dean of Ohio bankers."

NEGROES TO OPEN BANK

The First National Bank to be chartered for negroes will open its doors in Chicago on January 2. The new institution, at 3,201 South State street, will be known as the Douglas National Bank.

All the officers and directors except O. F. Smith, chairman of the board and president of the Citizens' Trust Bank, are negroes. Alderman R. R. Jackson is vice-president. Dr. Edward E. Miller, John W. Robinson and S. A. T. Watkins are directors.

WILLIAM B. CARLILE

Announcement is made by John Burnham & Company, Inc., dealers in investment securities, at LaSalle and Monroe street, Chicago, that William B. Carlile, for several years postmaster of Chicago and before that identified in a prominent way with the insurance field, has been elected a vice-president of the Burnham organization, effective

December 1. Mr. Carlile in assuming the vice-presidency to which he has been elected is not merely accepting an honor, but expects to serve actively with the organization beginning immediately.

TWO KANSAS CITY BANKS MERGE

On November 7, the Commerce Trust Company absorbed the Midwest Reserve Trust Company of Kansas City. Negotiations for the merger were under way for some weeks previous.

The Midwest had deposits exceeding ten million dollars and capital and surplus of \$2,500,000. The capital, surplus and profits account of the Commerce is not increased but remains at \$9,000,000.

Five directors of the Midwest Reserve were added to the board of the Commerce Trust Company; Milton Thompson, farmer and oil operator; J. H. Berkshire, president Berkshire Lumber Company; I. C. Van Noy, president Van Noy Interstate News Company; Thos. McGee, Thos. McGee & Sons, insurance; J. F. Houlehan, real estate and investment. All the other Midwest directors were retained on an advisory committee to co-operate with the Commerce organization.

The deposits of Commerce Trust Company are more than 85 millions and the total resources approximate 115 millions.

M. E. HOLDERNESS

M. E. Holderness, vice-president of the First National bank in St. Louis has been transferred to the commercial department of the bank. In addition to his regular duties as an officer on this side of the bank, he will have charge of the business building de-



M. E. HOLDERNESS

Vice-president of the First National Bank in St. Louis who has been transferred to the commercial department of the bank

partment, and will continue to supervise the bank's advertising and publicity. For several years Mr. Holderness specialized in savings and was the originator of many methods for building savings and operating savings departments, but his broad acquaintance with the leading business men in St. Louis and throughout the country fits him naturally for position in commercial banking. Vice-president J. R. Cooke has been assigned to the savings department.

MILWAUKEE FINANCIAL ADVERTISERS FORM ROUND TABLE

The Milwaukee Financial Advertisers round table was organized at a dinner held at the City Club on November 18, the following officers being chosen:

Chairman, Ralph P. Hammond, Second Ward Savings Bank; assistant chairman, Joseph C. Moser, Marshall and Ilsley Bank; secretary, Frieda Mueller, First Wisconsin Company.

Members of the executive committee: Stephen C. Thorning, First Wisconsin Trust Company; Ethel B. Scully, Morris F. Fox and Company; Anton R. Christensen Jr., Henry C. Quarles and Company.

It is planned to have monthly meetings at which questions of interest will be discussed. The round table is one of the departmental organizations of the advertising council of the Milwaukee Association of Commerce which next June will entertain at the Milwaukee Auditorium the Associated Advertising Clubs of the World.

The council's plan of organization includes some twenty similar round tables to cover the advertising field just as the A. A. C. of W. does with its departmentals. The council is carrying on this program simultaneously with its convention work in which all the state of Wisconsin is co-operating.

NOVEL MONEY EXHIBIT AT FIRST NATIONAL BANK IN ST. LOUIS

An exhibition of the money of all ages and periods, comprising over 30,000 specimens showing the mediums of exchange for more than 5,000 years, was a novel and extraordinary educational treat given by the First National Bank in St. Louis as a part of its reception to the public in connection with the opening of its new banking home at Broadway, Locust and Olive sts. This great collection of bankers' wares of all periods is the product of a life effort by Faran Zerbe of Tyrone, Pa., who has been a serious student of money and finance since his boyhood days over forty years ago. The exhibition as made in St. Louis was as brought together for the Panama Pacific International Exposition at San Francisco in 1915 and with many notable additions since then, including several thousand specimens relating to the war. Mr. Zerbe and his exhibition outfit came direct from San Francisco to St. Louis to serve the First National Bank, upon the request of Marvin E. Holderness, vice-president.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

WHILE Federal Reserve Bank discount rates are lower in the western states, money is tighter than a month ago. General business, while feeling the favorable influence of the beginning of Christmas shopping, has slackened in volume from that of the early fall season. The difficulties with which the West is coping in its finances and business do not differ materially from the conditions that have prevailed for months. European depression stands out more prominently than in recent months as the root of the tightness in money and slowness of trade.

Probably the most disappointing development of the past month was the downward movement in grain markets to new low levels for the post-war period. An easy tone ruled to live stock, but, excepting hogs, there were no sharp fluctuations. In the sheep industry a somewhat better feeling developed. The lumber business again made a favorable showing in comparison with business in general, but has lately slackened in volume. Further sharp advances in crude oil were very encouraging to producers. No commodity made so good a price record as crude oil. The mining business continued stagnant. Unemployment, as usual with the approach of winter, increased, this situation being intensified by the growing determination of farmers to economize in expenditures. Railroad traffic underwent a seasonable decline.

The banks of the western states have found their position becoming tighter as a result of the poor returns from corn and other grain and the sharply lower prices on live stock compared with a year ago. The Federal Reserve banks in the western states, including those at Minneapolis, Kansas City and Dallas, are about the lowest in the country in reserve ratios. Dallas is actually at the bottom of the list. Minneapolis is affected by low wheat and low live stock. The same influences apply at Kansas City along with a very poor cotton crop in Oklahoma. Dallas is affected largely by cotton and live stock.

More attention is focused on the operations of the War Finance Corporation than at any other time since Congress authorized that organization to lend as much as \$1,000,000,000 to farmers and stockmen through financial institutions up to July 1, 1922. The cheapness of corn and other feedstuffs is stimulating live stock feeding and borrowing to finance the purchase of thin stock. Many country banks, being heavily loaned up and experiencing little liquidation, are turning to the War Finance Corporation to raise funds. They are being encouraged to do this by their correspondent banks in reserve centers. The War Finance Corporation loans are being made largely on live stock, although there has been extensive financing of sugar beet interests by that organization. Following the cuts from six to five and one-half per cent. in the discount rates of the Minneapolis and Dallas Federal Reserve Banks and from six to five per cent. by the Kansas City Federal Reserve Bank, the War Finance Corporation reduced its loan rates from six and five and one-half to five and one-half and five per cent. to banks and trust companies. Its loan rates to loan companies are still six and five and one-half per cent.

Temporarily, at least, the War Finance Corporation is assisting in tidying over scattered country banks that are hard pressed. It is also laying the groundwork for the disposition of cheap feed through live stock feeding. Besides, it is helping to withhold crops from weak markets. In doing this, of course, it is increasing the debts of the western states. When the time for meeting these obligations arrives, the West will know whether it has profited from the special financing. If foreign and domestic markets for its products do not improve in the meanwhile, the holding back of crops and the stimulation to production will prove unprofitable. In this connection there is apparent in the West among some bankers the feeling that the War Finance Corporation ought to be doing more to stimulate export and domestic buying of the products of this territory, as this would mean immediate liquidation and healthy distribution. With more assurance that next spring will see

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better foreign markets, then the West would feel better over the temporary credit relief it is obtaining from the War Finance Corporation.

Lowering of the Federal Reserve discount rates has not stimulated offerings of credit from member banks, for the latter are heavily loaned up on the whole. They are frankly disappointed over the volume of liquidation effected from the sales of crops. Country banks are tighter than those at reserve centers. Scattered failures of country banks are reported. The most encouraging phase of the banking situation is the fact that the productive capacity of stockmen and farmers is great, that they are now economizing as never before, and that, if given time, they will work out of their indebtedness. The progress in this respect will be slow or rapid just as demand for the products of the West is weak or strong.

With the bulk of the year's wheat crop sold and with coarse grains bringing little, attention is being given to the trend of fat stock. More cattle are reported on feed than a year ago, while there is a sharp decrease in the number of sheep being prepared for slaughter. The supply of hogs is about the same as a year ago. If consumptive demand is increased, then live stock marketings during the winter will make a better showing than the selling of the last year. There is more confidence in profits from sheep feeding than from any other branch of the live stock industry, owing to the big drop in the number of feed lots, together with the cessation of importations of frozen mutton. Horses and mules are still depressed, the rise in cotton having failed to revive this trade. It appears that the cotton states are not improving their credit situation sufficiently with their smaller crop of cotton to permit them to buy liberally of work stock. Range conditions are good as stockmen enter the winter season.

* Practical cessation of the foreign demand for wheat and the strong pressure of offerings and keen competition from Canada provided the principal influence in the radical break to new low levels in the bread cereal market. The deferred wheat deliveries recently fell to a low point around ninety cents a bushel, and a comparatively small percentage of the car lot offerings of the grain sell for more than a dollar a bushel. Country prices for wheat are largely between seventy and eighty-five cents a bushel. Many farmers are refusing to sell, claiming that prices are too low, but this is not true of the interior as a whole. Domestic demand for wheat also has fallen off materially in recent weeks, due to a slackening in the buying of flour in both domestic and foreign channels. New flour production has fallen off considerably, with the liberal purchases by jobbers, bakers, and other distributing interests in anticipation of a possible railroad strike now being a partial burden upon the trade. This is particularly true since the sharp declines in prices and the resulting losses in flour held by consumers. Many bakers have bought enough flour to meet their requirements for at least ninety days. Although sentiment as to wheat prices is still bearish as a whole, the feeling is becoming more and more apparent that, with the closing of lake navigation in the North and the easing of pressure of Canadian wheat offerings upon both the domestic and foreign market, improvement may develop.

Corn is weak; oats are in a similar position. Western farmers are giving serious consideration to the use of corn for fuel, owing to the disappointingly low prices which are being offered. The average country prices range from seventeen to twenty cents a bushel, with some localities paying only fifteen cents delivered at elevators. Visible stocks of both the grains are bur-

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital \$1,000,000
Surplus (Earned) \$1,000,000
Total Resources (Over) . \$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

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densome, and despite the fact that prices on markets are the lowest in more than fifteen years, dealers see no prospects of a stronger demand before the opening of the new calendar year. Hay and feeds are weak, owing to the absence of buying support.

With the markets on which it sells highly susceptible to European influences, while industrial and commercial institutions are slower to react to Old World conditions, the West continues handicapped in buying. There is still a great disparity between prices—a disparity which is almost demoralizing. There are strong signs that in the case of rents in cities, this disparity is breaking down, extensive building operations having greatly increased the supply of apartments and homes available for occupancy. On the other hand, demand has been reduced through the doubling up forced upon families that have experienced a slump in their incomes. There is a little better feeling over the fact that grain and hay freight rates have been moderately lowered, but the freight rate situation is still abnormal, grain and live stock prices demanding further sharp reductions.

Crude oil, which has led in price ad-

vances, is somewhat mysterious in its market action. But it is noticeable that the higher returns from crude oil are liquidating bank loans. Drilling shows some increase, but the industry is still cautious. Refiners are disappointed over the failure of their prices to follow fully the upturns in crude.

Farm mortgage loan interests are busy, as farmers are refunding their short term loans at banks in many instances.



CHANGES IN THE SECURITY BANK OF OBERON

Vacancies in the personnel of the Security Bank of Oberon, N. D., caused by resignations and otherwise, have been filled as follows: John Winnegar succeeds J. E. Johnson as president; E. S. Swanson succeeds G. R. Hanson as vice-president, and A. Ludahl, appointed cashier to fill a vacancy which has existed since about the middle of 1919. A. O. Olsen has been cashier of the Security Bank since its was established in 1917 and remains in that office.

Mr. Johnson resigned from the presidency of the Security Bank to become identified

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ROSWELL BANKS MERGE

The consolidation of the Citizens National Bank and the American National Bank of Roswell, N. M., was a surprise to the majority of the people of Roswell. The merged institution will be known as the Citizens National Bank and will have its home in the building now occupied by the American National Bank.

The consolidated institution will have a capital stock of \$200,000, and a surplus of \$200,000, and a total invested capital of \$620,000, making it the second largest financial institution in New Mexico.

The consolidation was made by the directors of both banks believing that the amalgamation would materially strengthen the institution and would be a mutual advantage to all concerned and a genuine benefit to the public in general.

The new board of directors is composed of the directors of both institutions. The change will also mean a great saving in overhead expense.

The following officers were elected: John W. Poe, president; John W. Rhea, O. H.

Smith, H. V. Watson, and H. P. Saunders, vice-presidents; W. J. McInnes, cashier; V. B. Gillespie and W. P. Saunders, assistant cashiers.

O. W. White was elected to succeed W. J. McInnes as cashier, effective December 1.

O. W. HAMPTON

The First National Bank of Englewood, Colo., has elected O. W. Hampton vice-president. Mr. Hampton is a banker of considerable experience and very popular among his associates in financial circles.

WYOMING BANKS MERGED

The Farmers State Bank of Slater and the Chugwater Valley Bank of Chugwater recently merged their assets and will do business under the name of the Chugwater Valley Bank in the future. Both of the banks concerned are well known and have conducted profitable businesses for a number of years, but it was believed that greater efficiency and economy would be effected by the combination.

A. R. Marble of Cheyenne is president and F. V. Ellis of Chugwater, cashier of the the combination.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

A GENERAL feeling of optimism pervades business circles. Constructive changes are taking place and the outlook is brightening. Some of the gains reported are primarily due to seasonal influences but on the other hand there are several basic lines registering recovery which is clearly the result of altered economic conditions. The many reductions in freight rates are also expected to prove a business stimulant. Money is easier with an ample supply for legitimate business purposes. Retail trade in most lines seems to be fairly active. Some lines, such as dress goods and wearing apparel, report an increased volume over a year ago. The wholesale trade still reports business as quiet and not up to previous years, but with continued activity in retail lines and goods going rapidly into consumption the trade feels assured that the time is near at hand when replenishment of stocks will necessitate more active buying. Collections are good.

Building activities register a large advance over 1920 but a decrease to a slight extent from the previous month. Prices have dropped from thirty to forty per cent. below prices of a year ago and orders for lumber are exceeding shipments by a material margin.

The sixty-five banks reporting to the Federal Reserve Bank of San Francisco reduced their loans, discounts and investments by \$96,202,000 during the year ended November 2. The present total is \$1,190,091,000 as against \$1,286,293,000 on November 5, 1920. Bills rediscounted with the Federal Reserve Bank were \$36,734,000 compared with \$79,857,000 a year ago.

Prohibition has brought about a marvelous expansion of the grape industry in California. It is estimated that vines planted during the last year cover nearly 80,000 acres while the 1921 crop reached the enormous valuation of \$79,000,000.

The beet sugar crop in California this year shows a slight falling off from original estimates while conditions in the Utah-Idaho

district are extremely disappointing. Owing to climatic conditions and the blight which affected the beets during the growing season, the tonnage in this section is reported as very low. The sugar content of the beets, which is always high in this district, is said to be about normal. On account of the low tonnage, however, factories report that the sugar output will be from twenty to twenty-five per cent. below that anticipated at the beginning of the campaign.

The plentiful supply of money seeking investment and the scarcity of new issues is still keeping the lists of investment houses rather short. Nothing more sharply emphasizes the trend of bond prices, especially municipals, than the sale of \$2,860,000 State of California Capitol Extension bonds. These bonds were bought by a syndicate headed by the Bank of Italy and brought a 4.75 basis.



NEW PRESIDENT OF ARIZONA BANK

An interesting development in banking circles in Arizona was indicated in the recent election of H. J. McClung, of Phoenix, as president of the Arizona Central Bank of Flagstaff. Mr. McClung has been a member of the board of directors of the Arizona Central Bank ever since interests closely allied with the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank effected a merger of the Arizona Central Bank with the Citizens Bank of Flagstaff.

Mr. McClung has for many years been president of the Phoenix National Bank at Phoenix and has occupied an important position in Arizona banking circles. He will retain his position as president of the Phoenix National, although devoting the greater part of his time for the present to the financial affairs of the Arizona Central Bank. As president of the two largest banking institutions in Arizona, located in different parts of the state, Mr. McClung will occupy a commanding position in the financial affairs of that state.

The Arizona Central Bank was founded in 1887 and for many years has been a

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.**HONOLULU, HAWAII**

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,250,000.00

Total Resources 20,047,726.81

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 Frank Crawford, *2d V-P.* B. McCorriston, *Cash'r*

Branch Banks:—Lihue, *Island of Kauai*;
 Waipahu, *Island of Oahu*; Wailana, *Island of Oahu*;
 Kapaa, *Island of Kauai*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

strong financial institution. Its authorized capital is \$1,000,000, of which \$675,000 is outstanding. Resources according to the last published statement, amount to over \$6,000,000. It has branches at Williams, Kingman and Cooley. As its president Mr. McClung succeeds M. I. Powers, president since the merger some months ago of the Citizens Bank of Flagstaff, of which he had been for many years the head. Mr. Powers retires from the presidency in order to give more attention to his extensive live stock and other interests but remains on the board of directors.

TWO CALIFORNIA BANKS AFFILIATED WITH FIRST NATIONAL BANK OF LOS ANGELES

By a transaction consummated recently the Fidelity Trust and Savings Bank of Fresno, Cal., the largest and strongest independent financial institution in Fresno, becomes closely affiliated with the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank. The resources of the Fidelity Trust and Savings Bank of Fresno totaled more than \$10,157,000 at the end of the last fiscal year, June 30, 1921.

The Alhambra Savings and Commercial Bank of Alhambra also becomes affiliated with the Los Angeles banks.

The transactions do not entail an outright purchase, but the stockholders of the banks, through an exchange of shares, become co-partners in the entire business of the Los Angeles institutions.

CALIFORNIA BANK SUPERINTENDENT'S REPORT

Jonathan S. Dodge, superintendent of banks of California, has submitted his first

report to Governor Stephens. The period covered in the document is from July 1, 1920, to October 31, 1921, and discloses startling and vital facts of primary importance to the agricultural, industrial, financial and banking groups of the state.

"California is economically sound and its banks are safe," says Mr. Dodge. "The state has passed successfully through the crisis of deflation and its banks, having met the enormous credit strain of the period are distributing new credit upon which is being built new prosperity. Our wonderfully varied wealth of the fields and farms and orchards, of the mines and industries and manufactures, of domestic and foreign trade, is upon a firmer and sounder foundation than since the beginning of the world war.

"We are richer than when the war ended, We are free from the speculations of war finance. We are going forward clearly to a realization of great opportunities. Our prime problems are not now those of financial and economic readjustment, but of normal, rapid development, of tremendous physical advantages. Our producing and distributing communities are entitled to the full confidence of our banks and our banks merit the complete reliance of those who demand a just and an adequate distribution of credit.

"The period I seek to analyze is one of general readjustment in business, in prices, in manufacturing activities and a reduction in buying power, together with a credit liquidation and a demoralization in exchange rates. All of these influenced the state and as the year closed we exhibited a material increase in our banking assets, a more normal activity in our varied pursuits and a realization that we are again upon a firm economic foundation. The period begins a new business career for California, a career with lessened costs and larger production, a decline in the cost of living, a return to normal consumption and employment and a re-establishment of trade and industry upon a new plane.

"We have reached this enviable position after the most eventful and remarkable year in our economic history. It has been a year of strange vicissitudes, but a year of very marked stabilization in all our activities."

The remainder of the report of Superintendent Dodge is replete with statistical information and analysis applicable to the condition of the banks in the state system. The document contains an elaborate analytic economic survey of the state of very high value to every productive energy in California.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THE slow movement of the crop for export and depressed prices for agricultural products generally have further aggravated a situation in which a very fair harvest in Western Canada generally—despite extensive burned-out areas, and the suffering through unfavorable late weather—is being marketed under conditions which leave a disappointingly small margin of profit for the farmer. Then too, of course, the American tariff regulations have not been without their effect on grain as well as the live stock markets. The result is that the buying power of the farmer has been greatly reduced. Financial authorities in Winnipeg estimate that the value of the crop has gone back \$150,000,000 to \$200,000,000 since the beginning of the harvest—and this is practically all profit.

Under these conditions many of the farmers who had fair crop prospects are in a position which, with regard to their obligations is almost as serious as that of those who suffered during the dry period of the early summer. With banks, loan companies, implement houses and merchants seeking settlement of their claims, the prospects for that revival of business on any general scale, such as was anticipated this fall, are not bright. However, at present there are some indications of an improvement in the movement of export grain which should not only permit the more efficient use of credits, but should also be accompanied by better prospects as regards prices.

Apart from the agricultural situation there has been a somewhat better tone to business, although this may be only a temporary brightening with the price reaction in some of those industries where readjustment has been carried far and precipitously. In all, it would seem that production costs, with labor dominating, have not as yet been brought down to a level in keeping with the purchasing power of the people, particularly the farmers, who form such an important part of Canada's population. In this connection the significant situation in Canada

as in the United States has to do with the wages of the railroad workers, with their bearing on freight rates and their far reaching effect on industry both as a factor in transportation charges and as a standard for remuneration for labor generally.

Financial and business men of Winnipeg and other central marketing points have been brought to a serious consideration of the crop situation by the developments referred to. The farmers are demanding that something be done to give them relief in the way of credits. A financing organization not unlike the War Finance Corporation, which in the United States has been empowered to come to the assistance of the agrarian industry, is put forward as a tentative makeshift suggestion. It is believed that the situation in Canada is not so acute as in the United States because of the elasticity of the branch bank system. The marketing of the Canadian wheat crop has become a more acute problem this year because of the European situation. The diminishing credit power of overseas countries halts the movement in a broad way. In the past the European importer has been in the habit of carrying the bulk of over exportable surplus. He entered the market the moment prices fell below the carrying charges to the further months of the crop year. This year this source of credit is not available to anything like its usual extent. There is not only the European financial position but there is the added uncertainty of exchange. The machinery of our primary markets is largely erected upon the ability and disposition of the foreign importer to carry our export surplus. This year this ability and this willingness are both seriously impaired.

A reflection of the conditions referred to is an increase in the commercial credits of the banks shown by the bank statement issued at the first of October; this is a change from the trend of recent months. However, it may be pointed out that while this increase during September, 1921, amounted to \$13,000,000, there was an increase of \$32,000,000 during September of 1920 and that the total current loans at the first of Octo-

ber were nearly \$180,000,000 less than a year ago.

With the increase in current loans during September there was a decline of \$16,000,000 in savings deposits and the total for these is now about \$6,500,000 less than a year ago. At the same time while demand deposits were \$7,000,000 higher for the month they are \$143,000,000 less than a year ago. Foreign loans are \$51,000,000 higher than last year and foreign deposits are less by about \$60,000,000; however, the total for foreign deposits is still about \$145,000,000 more than foreign loans. Call loans abroad increased \$25,500,000 during the month but are lower than a year ago while call loans in Canada which increased \$600,000 during September are nearly \$8,000,000 down from last year. Holdings of public securities declined \$12,700,000 during the month and are \$67,000,000 lower than a year ago while holdings of Government securities increased \$1,000,000 during the month and up \$64,000,000 for the year.



STATEMENT OF BANK OF MONTREAL

Great improvement in its liquid position is the outstanding feature of the annual statement of the Bank of Montreal for the year ending October 31, 1921. In general the bank has shown very satisfactory progress in liquidating its credit relations to commodities, and to securities other than Government.

In spite of a falling off in the volume of business, owing to general conditions, the bank held its profits practically up to those of last year, as the following comparison with 1920 and 1919 shows:

Profit and Loss Account

	1921	1920	1919
Profits	\$3,949,796	\$4,033,995	\$3,314,227
Stock prem.....		1,000,000	3,500,000
Total	3,949,796	5,033,995	6,814,227
Prev. bal.	1,251,850	1,812,854	1,901,613
Total	5,201,646	6,846,850	8,715,840
Less—			
Dividends ..	3,080,000	2,960,000	2,372,250
To rest		2,000,000	4,000,000
War tax.....	200,000	210,000	130,986
Patriotic ..			39,750
Bank prem.	400,000	425,000	300,000
Total deduct.	3,700,000	5,595,000	6,902,986
Balance	\$1,501,646	\$1,251,850	\$1,812,854

DOMINION BANK OF CANADA

The Dominion Bank of Canada is now in affiliation with the British Overseas Bank,

Limited, of London, England, which comprises a group of British and Colonial banks having combined assets of over \$900,000,000.

This connection affords the Dominion Bank the best of facilities for the handling of foreign business of every description.

A. GORDON TAIT

The death took place on November 29, after a week's illness, which developed into double pneumonia, of A. Gordon Tait, for twenty-one years on the head office staff of



A. GORDON TAIT

Recently in charge of the publicity department of the Royal Bank of Canada at Montreal whose death occurred suddenly on November 29

the Royal Bank of Canada, Montreal, and for many years in charge of the advertising and publicity department.

Mr. Tait was born in Delhi, India, in 1872 and came to this side of the Atlantic in 1895, establishing himself in Montreal. He was in his fiftieth year and his untimely death came as a tragic shock to his host of friends in the banking and financial advertising circles of both the United States and Canada.

Courteous and kindly, obliging and con-

Are You Interested in Canadian Trade?



If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.

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Foreign Department

Standard Bank of Canada
TORONTO

Resources over - - - - \$100,000,000.00

siderate to those who sought his aid, going to no end of personal trouble and sacrifice to help others, Mr. Tait held a very high place in the affection and esteem of all those who knew him.

As head of the advertising department of the Royal Bank of Canada, he was responsible for its birth and growth and the progressive spirit that has manifested itself in all its advertising, which is world-wide in its character. His were the ideas and his the hard work and enthusiasm which carried them through.

GOVERNMENT BANK AGITATION

A study of the speeches of many Agrarian and some Labor-Farmer candidates, shows an outcropping of a demand for a "national banking system."

There has been practically no criticism heard in Eastern Canada against the banks in the matter of loans, and yet the conditions governing the average commercial, as distinct from the rural loan, run along more stringent lines.

The Canadian banks as a rule limit their branch or district loans to sixty-seventy per cent. of the amount of capital provided by that district, in the form of deposits in the local branches. In the West, invariably the branches lend far more than the amount of the local deposits; the totals for the West always exceed the deposits. The deposits

of the East are drawn on to supply the requirements of the West.

The loans of the Canadian banks in the three Prairie Provinces showed an increase of about \$90,000,000 last year (1920) over the previous year.

There is probably no agricultural district anywhere that is provided with better banking facilities than the farming communities of the Canadian Northwest. It is indeed, a question whether there is any other that has equal facilities.

Any one who is deserving of banking credit—that is, who has something to pledge in return—should have small trouble borrowing from the Canadian banks.

CANADIAN BANKERS ASSOCIATION

The Canadian Bankers Association met recently at Toronto. The term of office of C. A. Bogert as president having expired after two years' service, the association elected Sir Frederick Williams-Taylor, general manager of the Bank of Montreal, to the position of president. Sir Frederick has been first vice-president. He has been connected with the Bank of Montreal since 1878, and at different times has served as inspector, manager of the bank's branches in Chicago and in London, returning to Canada in 1913 to become general manager. He has been vice-president of the Bankers Association since 1914.



A. I. B. Notes

BUFFALO CHAPTER MEMBERS INCREASED

The ambition of the Buffalo chapter, A. I. B. to have a large and progressive chapter has been realized.

Last season there were 150 members and this season to date there are 500. This is a gain of over 300 per cent.

The membership is now the largest in the history of the chapter.

CLEVELAND SCHOOL TAKES WELL

Proof that the educational courses offered by the Cleveland Chapter of the American Institute of Banking are popular lies in the heavy enrollment, figures for which are given by Personnel Manager P. S. Kingsbury, chairman of the A. I. B. educational committee.

To date, twenty-two per cent. of all the bank clerks in the city of Cleveland are taking one or more classes in the school. In short, 934 bankers have enrolled, and paid their tuition.

Of this number, 206 are employees of the Cleveland Trust Company—119 from the branches and eighty-seven from the main office.

PHILADELPHIA CHAPTER LIBRARY

The Philadelphia chapter members are regularly making additions to their library.

Any of the members staying in town in the evening who have some time to spare before an appointment are invited to spend it in the chapter library, where there are plenty of good books and magazines to read on financial and business subjects.

The committee have recently added the "Bankers' Guide Book," by W. R. Morehouse, cashier, Guaranty Trust and Savings Bank of Los Angeles, comprising 1,190 questions and answers (with references) on legal banking problems and bank business-build-up methods.

The "Shaw Banking Series," consisting of six volumes, has also been added.

OKLAHOMA CHAPTER CONVENTION

The Oklahoma State Chapter, American Institute of Banking, held its annual convention in Oklahoma City, November 12.

E. J. Litteer, president of the organization, delivered a short talk on the work of the institute in Oklahoma. J. Ray Cable

of Norman, educational director, and Eugene P. Gum, secretary, spoke briefly concerning the plans of the chapter for this year.

The main address of the evening was delivered by Dr. Charles Evans of Oklahoma City. His subject was: "The Opportunities of a Young Man of Today."

The following officers were elected for the ensuing year: E. J. Litteer, Oklahoma City, president; R. O. Wisner, Ardmore, vice-president; J. J. Kilpatrick, McAlester, vice-president; Eugene P. Gum, Oklahoma City, secretary-treasurer and Leon Willits, Oklahoma City, publicity director.

The convention designated a membership committee which is representative of the entire state—one member being selected from each city where the chapter would like to have a class this year. The members are F. H. Sherwood, Ardmore; E. D. Foster, Chickasha; J. E. McKinney, Durant; E. E. Godberry, El Reno; J. G. Parker, Enid; E. E. Parsons, Guthrie; Samuel Maddox, Lawton; F. M. Sowle, McAlester; J. W. Hockman, Muskogee; C. E. Daniels, Oklahoma City; H. E. Kennedy, Okmulgee and H. T. Riddle, Shawnee.

The Oklahoma chapter started three years ago with less than a hundred members. Last year the number exceeded five hundred students.

NEW CHAPTER PROGRESSING

Active interest in the new chapter of the American Institute of Banking at Santa Barbara, Cal., is being taken. A full complement of officers and committee workers has been elected and already is at work in placing the Santa Barbara chapter on a strong educational and social basis.

PHOENIX INTERESTED IN A. I. B.

At the instigation of the Ari-Na-Ba Club, composed of employees of the National Bank of Arizona, in Phoenix, about 200 officials and employees of banks from all sections of the Salt River Valley met at the National Bank of Arizona and tentatively organized a chapter of the American Institute of Banking.

A. I. B. HOLDS CONTEST

The chapter of the American Institute at Salt Lake City, Utah, now has an enrollment of 250, the largest since its organization. The classes are being held in elemen-

tary banking, commercial law and negotiable instruments, political economy, and public speaking and debating.

An adding and bookkeeping machine contest was held recently, under the auspices of the chapter. Cash prizes amounting to \$70 were offered, and the competition was very keen.

ORGANIZE TUCSON A. I. B.

P. R. Williams of the Commercial National Bank of Los Angeles, was in Tucson, Ariz., to organize the Tucson chapter of the American Institute of Banking. There are seventy-two members, every bank in the city participating. Mr. Williams is a member of the executive council of the American Institute of Banking and had associated

with him Adolph F. Johnson of the National Bank of Commerce of New York.

At the first meeting F. J. Hermes presided. The organization committee appointed was:

A. J. McKelvey, Southern Arizona Bank and Trust Company; George Marsteller, Consolidated National Bank; R. R. Turbeville, Arizona National Bank; Orville Cooper, Co-operative Bank and Trust Company, and R. W. Ogle of the Tucson National National Bank.

CHAPTER IN FLINT, MICH.

A chapter of the American Institute of Banking has been formed at Flint, Mich., the second chapter to be formed in the state, the other one being in Detroit.



New Branches of the Bank of Italy

ESTABLISHMENT of many new units in its statewide system of branch banks, has marked the progressive growth of the Bank of Italy, San Francisco.

In San Francisco, the new Mission branch was formally opened for business with a reception at which 15,000 residents of that district were guests. Permits were secured to establish two additional branches in the outlying section of the city, and work on the partially completed building in the uptown business district was advanced to the point where its operation is assured by the end of December. With the addition of these new branches, the Bank of Italy will have seven banking offices in San Francisco, and will be in a position to serve conveniently the vast portion of the city's commercial centers.

During the same period, acquisition of the Butte County National Bank and

Butte County Savings Bank, in Chico, was announced by the Bank of Italy. These two institutions are among the oldest and most substantial in northern California, and are regarded in banking circles as especially valuable additions to the Bank of Italy's system. Meanwhile, the improvement of the branches already in operation has not been neglected.

In Sacramento, the purchase of the Masonic Temple has been negotiated, and architects' plans accepted for the erection of a new structure on that site. The Melrose branch moved into its newly completed quarters on November 12. The building is the first of a series to be built for the interior banks, following a standard design, that embodies the Italian Renaissance period of architecture. New buildings are also assured for the branches at Los Angeles, Visalia, Stockton and other points.

Helping the Bank Page Look Ahead

A LONG with the study courses that are being given to bank employees to help them advance themselves and gain a knowledge of every department of a bank, officers of banks are realizing that the boy who comes in as messenger or page can also be helped to become of value to the institution. All encouragement possible and good advice as to his duties, appearance and how to advance himself are given in various ways by someone in the bank whose business it is always to show his interest in them and to whom they may turn for advice when necessary.

Some banks give special talks which, of course, are excellent if they are given by a man who knows boys, knows how to "get down" to them in their language, knows how, finally, to get their co-operation. But if that same man will write his talk, have it printed and distributed along with a letter, a real boy's letter, the result will probably be more lasting, for if it can be understood and is of an encouraging nature it is always there at hand to be re-read.

The cashier of the National City Bank of Chicago, Edward P. Vollertsen, has issued such a booklet—written not as a "sermon," but as a helpful talk—which has attracted considerable attention from bankers all over the country who are endeavoring to educate their employees along proper lines. Along with the booklet the following letter is given to each boy:

Dear John:

I am enclosing a few thoughts which I sincerely hope may help you to climb the ladder to a successful banking career. May I ask you to keep it and read it again if you become discouraged, and you may. At times I have felt that way myself. I believe every boy gets that feeling sooner or later, but just remember this, you are fundamentally the same as every boy who ever lived. Also remember that I will be glad at any time to help you, but get the right attitude on life, on your work. Remember, we work for ourselves most when we work for others best.

Buckle up—be game—go through and here's to you—Success.

The booklet which is called "Things to Think About," is very attractive. It is not full of discouraging "don'ts," but helpful "dos." We are reprinting it here:

THINGS TO THINK ABOUT

Many men have failed to achieve the success of which they were capable, for lack of a proper start. In order to win a race, you must have the opportunity to start, and when you have entered the employ of the National City Bank of Chicago as a page, you have made a start. You have the opportunity to start in the race but whether you get away on the right foot will depend entirely on you. The fact that many bank officers, even bank presidents, have been pages should be ever foremost in your mind. Never be satisfied, never stop until you have succeeded in reaching the very highest position. "At all times be satisfied with what you have but *never* with what you are." To win you must think, observe, read, study and work. To be able to think clearly and quickly is one of the foremost requirements of a successful banker. The boy who anticipates the wishes of those he serves will soon learn to think along the proper channels. Very few people truly observe. They look at things but never see them. Train yourself so that, for example, when you see an electric fan you will say—Is it properly placed so that the greatest benefits will be obtained from its use; is it being regularly inspected to insure the longest possible use; is it being turned off when it is not in use, or is it allowed to run unnecessarily, thus wearing itself out; are the electric lights burning when they might be turned off, causing the bank unnecessary expense, wasting electricity and bulbs? Observe and think observingly.

Abraham Lincoln and many others are splendid examples of what a man may accomplish by consistently and persistently reading with a purpose, instead of filling the mind with trashy lurid tales. Read the best authors to increase your command of the English language, to cultivate your mind, to enlarge your vocabulary and improve your grammatical construction. Read and re-read all books and magazines pertaining to your business; set aside a certain hour each day for this purpose and do it consistently. The result will amaze you. Read Elbert Hubbard's "Carrying a Message to Garcia," and Arnold Bennett's "How to Live on Twenty-four Hours a Day." Read about banks, their organization, their growth and their management.

Most pages are, for various reasons, obliged to leave school before they have

finished—whatever the reason may be, realize now that this places a handicap upon you, but a handicap which you can remove by study. To study means to learn by mental equipment and if you want to get the most from this life and be a source of power in this little old world of ours, you must be fully equipped mentally. You can't compete with a ragged mind any more than you can compete with ragged clothes—also you can never quite make up for what you lose by not finishing—something—so if you have left school without finishing, start now to finish it by a little regular, systematic studying *each day*. Finish it! One of the greatest lessons in life is to finish things. Train yourself to finish whatever you start—be game—go through.

Work! The joy of living is to be able to work. No greater punishment can befall any man than to be unable to work. Train yourself to work efficiently and you will receive more pleasure from working than from anything else. Hard work, persistent application and long hours are the most potent influence in preserving both mental and physical vigor. Your success depends to a large degree also upon your attitude toward your work. Put your whole heart and soul into your work and if you can't do that every hour that you work, find a new job where you can put your heart and soul into it. Don't be a square peg in a round hole. Elbert Hubbard has expressed it as no one else ever could—"I believe in the stuff I am handing out, in the firm I am working for, and in my ability to get results. I believe that honest stuff can be passed out to honest men by honest methods. I believe in working, not weeping; in boosting, not knocking; and in the pleasure of my job. I believe that a man gets what he goes after, that one deed done today is worth two deeds tomorrow, and that no man is down and out until he has lost faith in himself. I believe in today and the work I am doing, in tomorrow and the work I hope to do, and in the sure reward which the future holds. I believe in

courtesy, in kindness, in generosity, in good cheer, in friendship and in honest competition. I believe there is something doing, somewhere, for every man ready to do it. I believe I'm ready—RIGHT NOW!"

Now a word on personal appearance. Remember that it is not necessary that a boy have the finest clothes, but he should keep his clothes clean and neatly pressed, his hands scrupulously clean and his shoes polished. These things reflect your character and are indicative of your work. A boy who is slovenly cannot do his work neatly. It is not consistent. Ten cents will buy a nail file—learn to use it. Do not be afraid of a brush with a liberal amount of soap and water. It won't hurt your hands. Polish the heels of your shoes, as well as the toes. Neatness is the first commandment of a better boy. The second is—be polite not only in the office, but outside of it. Other people will judge the bank by what you are outside of the office. You cannot be one kind of a boy in the office and another kind outside of it. To be a gentleman—be gentle. The third is—perform the task which is given you to do. Never delegate it to the other boy. Perform that task better than any other boy and you will soon be on the way to promotion. The fourth is—co-operate in every way possible with the other boys, get the spirit of helpfulness—it never hurts to help the other fellow. While you are waiting for a call, do not fool away your time. Think how you can improve the work, the service, and save the bank money. Eliminate waste.

Now boys, this is not meant to be a sermon, but just a chat to help you. Learn to help yourself. There are many things that could be said, but that would preclude you from thinking for yourself. To be a successful page you must learn to think. Your officers are always willing to help. Ask questions. You are now a part of a successful institution and upon your efforts will depend its future success or failure. Boys! it's now up to you.

Edward Vollertsen.



Book Reviews

THOUGHTS ON WAR AND PEACE. By Professor Nicholas Petrescu. London: Watts and Company.

This is "an inquiry into the conceptions prevailing in foreign politics," and the author certainly upsets many dearly-cherished opinions on both war and peace. For example (p. 102): "It



NICHOLAS PETRESCU

Well-known Roumanian economist who has contributed many articles to the *Bankers Magazine*

is now a fact definitely established that our conception of peace is always negative, provisory, and correlative to war. To be aware of this fact is to reject every settlement based upon the old principles of war and peace. Thus the question: How can we overcome war? appears to us incomplete. We should equally ask: How can we overcome peace? This question is more important than the first one, because it throws light upon our political thought."

In other words, Professor Petrescu

means that by thinking of peace we are implying war, and therefore it is essential to get both concepts out of our heads.

As to the League of Nations, he thinks it can not succeed, and for two reasons: first, it has no moral basis, since every country regards itself as an absolute judge of its national interests; second, the authority of the League could not be backed by a sufficient military force without becoming itself a source of war, for the force which would have the function of preventing wars would degenerate into a system of international militarism.

The author does not concede that nations ever go to war in defense of their "national honor," a term which he identifies always with the conception which any particular nation may have of its national interests.

Having freed our minds of the confusion and prejudices that have found lodgment in them as a result of the false concept mentioned, the author states that we should then think deeply and critically of international problems; and of the value of such thinking, he says:

"The chief constructive work of the good will to think will be to establish an intellectual relationship among nations. In fact, the attitude of mind in international politics will be that of universal tolerance, if the conceptions of war and peace lose their influence upon our thought. Under such conditions the differences of national interests, rights, honor, pride, etc., would gradually disappear. * * * Thus an intellectual sympathy would arise from our change of mind."

Professor Petrescu, who has been for some time a valued member of THE BANKERS MAGAZINE staff of contributors, is a close student and a keen observer of world affairs. His "Thoughts on War and Peace" may arouse controversy, but will certainly prove thought-stimulating, which is the author's apparent purpose.

**A MAGNIFICENT FARCE AND OTHER
DIVERSIONS OF A BOOK-COLLECTOR.**
By A. Edward Newton. Boston:
The Atlantic Monthly Press.

The thousands that delighted in "The Amenities of Book-Collecting" will welcome with enthusiasm this new book from the gifted pen of the same author. It has been said—and never very seriously contradicted—that Mr. Newton's first book has done more to awaken a real love for books than anything else that has been written in this generation. Whatever one may say to this it is certainly true that this author has the happy faculty of writing in a style that is both amusing and inspiring. One can not put down one of his books without resolving to explore for one's self those rich realms of English literature in which Newton himself has had so many fascinating adventures. One would share with him the refuge that he finds in his library from the cares and perplexities of this complicated age. "In times like these," he says, "what a relief it is to close the door upon the world, with its wrangling and recrimination, and enter that other cosmos—the world of books; that substantial world around which, as Wordsworth says, 'our pastime and our happiness will grow.' Is there not some scrap of paper, not yet totally destroyed, granting us life, liberty, and an opportunity for the pursuit of that will-o'-the-wisp, happiness? I sometimes think that I have found it in my library. When I can be sure, I shall announce the fact; but this much is certain: I am happier here than elsewhere in the world, unless it be in London."

The present volume is a series of sketches in which the author gives free rein to his pen. He makes no pretense of keeping to any particular subject. One would hardly expect, for example, in his essay entitled "Meditations on a Quarto Hamlet" that he would confide in the reader his real opinion of Wilson or what he thinks of modern politics. But therein lies the secret of his fascination. His style is conversational rather than literary. One can almost imagine one's self comfortably settled

in front of Mr. Newton's library fire, smoking a cheerful pipe and listening to him tell of the many things that have interested him in his travels and in his reading.

One feature of the book that makes it particularly interesting is the generous collection of illustrations, reproductions of old prints, photographs of manuscripts, rare books and literary memorabilia of all sorts. Altogether it is a delightful volume, one not only well worth reading but worth owning.



BANKING AND BUSINESS ETHICS. By W. E. Borden and C. L. Hooper. Chicago: Rand McNally and Company.

This book is intended for a high school text book, but treats it subjects in such an interesting and concise way that it will be of value to any young man or woman who is interested in learning banking. Some significant chapter headings are: "The Usefulness of Banks"; "The Bank and Its Customers"; "Banks and Banking"; "Banking Arithmetic"; "Analyzing a Bank's Statement"; "Some Famous Banks"; "The Federal Reserve Banks"; "The Federal Farm Loan Banks"; "The Treasury and the Mint"; "Saving and Investing."



PROBLEMS IN BUSINESS FINANCE. By Edmond E. Lincoln, M. A. (Oxon), Ph. D. Chicago: A. W. Shaw Company.

This book gives little attention to the spectacular financial problems, peculiar to the large corporations which have been usually stressed. Rather, and what the author believes is more important, it points out the normal financial problems of the small and medium sized unit, incorporated or unincorporated, as well as those problems common to all enterprises whether large or small.

In order to develop the subject in the most concrete way, practically the

entire book consists of a series of carefully selected and arranged "cases" presenting vital problems which have actually arisen in hundreds of different business concerns and situations. The introductory section furnishes an excellent key to all matters of principle raised in the problems. The problems are accompanied by helpful references, and are followed by questions which are meant to develop the financial judgment of the reader and to prepare him for dealing with similar problems.

The problems cover such subjects as the following: financial problems involved in launching a new enterprise, methods of raising fixed capital (including security issues of various types), financial problems involved in the expansion of an enterprise, prospectus analysis, methods of securing working capital (bank borrowings, the commercial paper market and trade acceptances are particularly stressed), financial aspects of purchasing, producing, and selling goods, fundamental problems in mercantile credit granting, turnover or inventory in relation to profit, questions relating to the proper distribution of income, financial standards, financial economies of the smaller business units, examples of financial involvements of various sorts and the methods by which concerns have saved themselves.

The effect of the type of industry and the business cycle on financial policies is particularly stressed. There is a "Statistical Appendix" which has been so arranged as to parallel the general development of the problems. It contains much highly useful and significant material.

The author is assistant professor of finance in the Graduate School of Busi-

ness Administration, Harvard University.



EARLY DAYS ON THE WESTERN RANGE.

By C. C. Walsh. Boston: Sherman, French & Company.

This book of cowboy poems, by the president of the Central National Bank of San Angelo, Texas, portrays faithfully the old-time cowpuncher as he existed throughout the western range in days gone by. Written in the peculiar dialect of the ranger these narrative poems tell of the life and philosophy of the most picturesque period of pioneer America. To read them is not only a delight but it is to learn something of the spirit which made America possible.



ANALYTICAL CREDITS. By Alexander Wall. Indianapolis: The Bobbs-Merrill Company.

"Analytical Credits" makes the study of credit granting as nearly scientific as possible, explaining methods that substitute clean and accurate analysis for "hunch" and guesswork.

Mr. Wall has developed the possibilities of statement-analysis to a high degree. His work has been subjected to the scrutiny and criticism of leading experts of practical experience in many lines of business. It is believed to represent the best modern practice as well as to contain much that is new and pioneering. It has many forms in actual use by established houses. As collections are intricably involved in credits, ample consideration and many suggestions are accorded to this phase of the subject.



BOOK TALKS

Special Section of The Bankers Magazine

JULY 1921

Recommended Books on Accounting

THE FIRST Wisconsin National Bank of Milwaukee recommends the following books on accounting:

SPECIAL TYPES

Adams, H. C. American Railway Accounting. Holt 1918.

Considered useful by those familiar with the subject.

Basset, W. R. Accounting as an Aid to Business Profits. Shaw 1918.

One interested in systematizing cost apportioning will find this book helpful.

Bennett, R. J. Corporation Accounting. Ronald 1916.

Suggestive.
Church, A. H. Manufacturing Costs and Accounts. McGraw 1917.

Good subject matter.
Cole, W. M. Cost Accounting for Institutions. Ronald 1913.

Nicholson, J. L. & Rohrbach, J. F. D. Cost Accounting. Ronald 1919.

Good book on general cost keeping.

Reynolds, W. B. & Thornton, F. W. Duties of the Junior Accountant. Endowment Fund of the American Institute of Accountants 1918.

For the beginner in manufacturing costs and accounts.

Stockwell, H. G. Net Worth and Balance Sheet. Ronald 1912.

For the merchant and manufacturer.

Webner, F. E. Factory Accounting. La Salle 1917.

Suggestive charts and methods for estimating costs of labor and material are included.

THEORY

Cole, W. M. Accounts, Their Construction and Interpretation for Business Men and Students of Affairs. Houghton 1915.

The revised enlarged edition of this book by Cole contains a thorough discussion of accounting principles.

Dicksee, L. R. Advanced Accounting. Ronald 1911.

This is a practical book by an experienced Englishman.

Esquerre, P. J. Applied Theory of Accounts. Ronald 1914.

One of the most popular books among practical accountants.

Gilman, Stephen. Principles of Accounting. La Salle 1916.

Any one of Professor Gilman's students and all who have used this book consider it invaluable.

Hatfield, H. R. Modern Accounting, Its Principles and Some of Its Problems. Appleton 1911.

Good book on the general theory of accounting. Suggestive reading lists follow each chapter.

Faton, W. A. & Stevenson, R.

A. Principles of Accounting. Macmillan 1918.

Good book for beginners in accounting, as well as elementary bookkeeping.

Tovey, Philip. Balance Sheets: How to Read and Understand them. Pitman.

PRACTICE AND PROBLEMS

Dickinson, A. L. Accounting Practice and Procedure. Ronald 1918.

Deals with problems relating to income account and balance sheet, problems in cost accounting and the accountant's responsibility to the public.

Haskins, C. W. Business Education and Accountancy. Harper 1904.

Contains a history of accountancy.

Kester, R. B. Accounting Theory and Practice. Ronald 1919.

Generally considered to be the best book on accounting practice.

Klein, J. J. Elements of accounting; Theory and Practice. Appleton 1915.

Contains valuable supplementary exercises. Simply told and of value for the beginner.

Rittenhouse, C. F. & Clapp, P. F. Accounting Theory and Practice. McGraw 1919.

AUDITING

Castenholz, W. B. Auditing Procedure. La Salle 1918.

General problems.

Montgomery, R. H. Auditing Theory and Practice. Ronald 1919.

Covers all phases of American auditing. One of the best books on the subject.

Wildman, J. R. Principles of Auditing. New York University Book Store 1916.

For the beginner.

Worth-while books bring the largest return of any investment known. And the return is constant, for as long as you live you get your interest, in pleasure and from increased knowledge, the surest key to happiness yet discovered.—*Princeton University Press.*

"Haven't Got Time"

Opportunity tapped at a door
With a chance for the brother within;
He rapped till his fingers were sore,
And muttered, "Come on, let me in.
Here is something I know you can do,
Here's a hill that I know you can climb."
But the brother inside very quickly replied:
"Old fellow, I haven't got time."

Opportunity wandered along
In search of a man who would rise,
He said to the indolent throng:
"Here's a chance for the fellow who tries."
But each of them said with a smile,
"I wish I could do it, but I'm
Very busy today, and I'm sorry to say
That I really haven't got time."

At last Opportunity came
To a man who was burdened with cares,
And said: "I now offer the same
Opportunity that has been theirs.
Here's a duty that ought to be done.
It's a chance if you've got time to take it."
Said the man with a grin, "Come along pass it in—
I'll either find time or I'll make it."

Of all the excuses there are
By which this old world is accursed,
This "haven't got time" is by far
The poorest, the feeblest, the worst.
A delusion it is, and a snare;
If the habit is yours, you should shake it.
For if you want to do what is offered to you
You'll find time to do it, or make it.

—*Detroit Free Press.*

BOOK TALKS

KEITH F. WARREN, Editor

Monthly Book Section

THE BANKERS MAGAZINE

255 Broadway, New York

JULY 1921

The Case of Bill

IT was ten years ago that I met Bill. Bill was a paying-teller at that time. Bill is still a paying-teller. To be sure, he is a darn good paying-teller. He was then. Bill knew the business of paying-teller from A to Z, or, rather from A to M, because John knew it from N to Z. My name begins with B. Otherwise I would never have known Bill.

Bill looked at life through the bars of his cage and to him the complex organism of banking was a mere necessary but vague appendage to the business of cashing checks. There was no one just like Bill at cashing checks. He had done it for years and he did it with a grace and a flourish that was inimitable. He knew every depositor from A to M and he could spot a counterfeit bill or a bogus signature a mile off.

Outside of this Bill's mental vision was limited—strictly limited. What banking was, why it was, what useful place it served in the community he knew not nor cared. What the president possibly did to earn his salary, Bill could never figure. Why, anyone could sit at a

mahogany desk and chat with Jones, the local merchant, and Smith of the Smith Works, down on Factory avenue. But it took skill to add figures and count notes the way Bill did. Bill was not without pride in his profession.

Bill is a paying-teller and probably will be till he dies, and after that he will be cashing checks for St. Peter. Unfortunately Bill, while living in this age, was not of it. Your modern paying-teller cashes checks and cashes them as well as Bill does, but besides that he sees banking in its true perspective.

He sees the functions of the paying teller in correlation with the other manifold functions of a bank. He knows what banking is, he knows why a bank exists, he can talk intelligently on the subject. And when the time comes he can fill the position higher up because he is fitted for it. He can fill it intelligently because he hasn't become lost in the details of his own particular job. Why can he do this? Because he is a student, because he is an observer, because he thinks and because he reads.

"PLATO is never sullen. Cervantes is never petulant. Demosthenes never comes unseasonably. Dante never stays too long. No difference of political opinion can alienate Cicero. No heresay can excite the horror of Bossuet."—*Macaulay.*

Books Received

ACCOUNTING. By S. S. Dawson. Price \$4.15, delivered.
HISTORY OF THE I. W. W. By Paul Frederick Brissenden, Ph.D. Price \$4.15, delivered.
BANKERS' CREDITS. By William F. Spalding. Price \$4.15, delivered. (English Publication).
THE FUNCTION OF MONEY. By William F. Spalding. Price \$3.15, delivered. (English Publication).



Pamphlets Received

OUR NEW PLACE IN WORLD TRADE. Guaranty Trust Company of New York.
FACTS AND FIGURES OF THE AUTOMOBILE INDUSTRY. National Automobile Chamber of Commerce, Inc., New York City.
BONDS LEGAL FOR SAVINGS BANKS IN NEW YORK, MASSACHUSETTS AND CONNECTICUT. The National City Company, New York.



Books and Windows

BOOKS ARE the windows through which the soul looks out. A house without books is like a room without windows. No man has a right to bring up his children without surrounding them with books, if he has the means to buy them. It is a wrong to his family. He cheats them. Children learn to read by being in the presence of books. The love of knowledge comes with reading and grows upon it. And the love of knowledge, in a young mind, is almost a warrant against the inferior excitement of passions and vices. A little library, growing larger every year, is an honorable part of a young man's history. It is a man's duty to have books. A library is not a luxury, but one of the necessities of life.—*Henry Ward Beecher.*

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includes within its covers everything that the banker needs to know to plan and conduct an advertising campaign for his institution intelligently and effectively. It covers the subject thoroughly, and the reader can rest assured that every idea and suggestion therein has stood the test of actual use. It eliminates costly experimentation. Its conclusions are not merely the result of one man’s experience and observation. T. D. MacGregor is an editor as well as an author. He has set down in this work the results of the experience of hundreds of others who have been successful in advertising banks and trust companies in the past ten years or more.

The book not only outlines the whole theory and practice of bank advertising, but it also contains thousands of paragraphs which may be used in the actual preparation of advertising matter. These paragraphs cover every conceivable subject which may be advertised in connection with bank and trust company service, covering commercial banking, savings, trusts, safe deposit, investments, insurance and real estate.

400 pages. Illustrated. Price \$5.00 postpaid. Ask for full descriptive circular, or the book will be sent on approval to any bank or trust company.

BANKERS PUBLISHING CO., - 253 Broadway, New York

How One Bank Encourages Study

THE AMERICAN National Bank of Oklahoma City believes in encouraging the serious study of banking, judging from the following taken from its monthly house organ, *The American Eagle*.

You A. I. B. students and all others who wish to grow in the banking business are failing to avail yourselves of a real opportunity if you do not read some of the many periodicals to which this bank subscribes. These magazines contain up-to-date articles on all phases of banking. Surely every one can devote some spare time to improving his ability to help serve our bank. Increasing your knowledge of banking subjects is a certain method of increasing your earning powers. You will now find the magazines in the directors’ room and you may read them here, or take one or two home with you, as you prefer. In the latter case please bring them back when you have finished with them.

Among the many periodicals received are “The Bankers Magazine,” “The Bankers Monthly,” “System,” “The Financier,” “Journal of the American Bankers Association,” “Mid-Continent Banker,” “Trans-Mississippi Banker,” “The Investor,” “The Commercial and Financial Chronicle,” “The Employer,” “The Oklahoma Banker,” “The State Banker,” “The Nation’s Busi-

ness,” “North American Banker,” and “America-at-work.” Some of the magazines received are not strictly financial journals but deal with business topics. A number of booklets and pamphlets relating to banking and trade conditions are also received each month.

All of the various books which are in the cases now in the Directors’ room that are devoted to banking and kindred subjects are provided for the use of the officers and employees. Books may be taken home for reading and study. Those comprising the “Shaw Banking Series” are especially practical since they contain the actual plans and experiences of many banks in the United States. These are as interesting and as readable as the average novel. Hence no one can complain that they are dry and hard to read.

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“AN ACTIVE mind,” said President John Quincy Adams, “cannot peruse a single chapter of the Bible and lay the Book aside to think, and take it up again to-morrow, without finding in it advice for our own conduct, which we may turn to useful account in the progress of our daily pilgrimage on earth.”

Praises “The Practical Work of a Bank”

THE AUTHOR of “The Practical Work of a Bank,” the most popular banking book ever written, recently received a letter of appreciation from a student of banking in Liverpool, England, from which we quote as follows:

“During my studies, I came across your extremely valuable work “The Practical Work of a Bank,” published by the BANKERS PUBLISHING COMPANY, New York, a copy of which I happened to find in one of our class libraries. Needless to add it was a great source of pleasure and enjoyment to me, and I should really like to offer you my congratulations on producing such a remarkably lucid, complete work on the *practical* side of banking. I may add that I have read many books on the subject, but have not come across any work published in this country to equal this one. I certainly think every young fellow ought to procure the work.”

Examine These Books

Read over the list below and select the ones that you wish to examine at our expense.

BANK LAW AND TAXATION DIGEST

By MILTON W. HARRISON

The production of this digest of state banking laws has involved an examination of the statutes for over forty states and the reduction to concrete form of the main provisions governing the organization and functions of the different classes of banks created under state laws. These provisions have been grouped under six headings, supervision, classification, organization, powers, restrictions, penalties and reserves. Bound in buckram. Clear, readable type. Price, \$3.00.

BANK WINDOW ADVERTISING

By W. R. MOREHOUSE

Illustrates and describes up-to-date, modern banking methods of gaining bank deposits by appeals to the eye. Shows how it should be done and lists all necessary materials, with many suggestions for successful displays. Based entirely on practical experience that has won out. 160 pages. Fully illustrated. Price, \$3.00.

BANK DEPOSIT BUILDING

By W. R. MOREHOUSE

Deals with successful methods by which bank deposits are made to grow steadily and permanently. Presents many practical and tried plans for intelligent and resultful advertising, including newspapers, street car

cards, window displays, besides giving much valuable information of a kindred nature. 260 pages. 40 illustrations. Price, \$4.00.

COMMERCIAL PAPER AND THE ANALYSIS OF CREDIT STATEMENTS

By WILLIAM H. KNIFFIN, JR.

This volume fills the long-felt want for a work that will enable the banker and the credit man to properly analyze credit statements and thus be able to pass properly on the credit risk involved. A number of actual statements are carefully explained and analyzed so as to show the reader the proper method by which to draw his deductions. The whole subject of commercial paper is carefully considered. Price, \$2.50.

THE ELEMENTS OF FOREIGN EXCHANGE

By FRANKLIN ESCHER

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THE FILING DEPARTMENT

By J. ARTHUR CRAMER

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will enable the banker to have immediate access to all of the correspondence and records bearing on any particular transaction. Author has made a careful study and investigation of the subject. 100 pages. Copiously illustrated and indexed. Price, \$1.95.

PAINE'S ANALYSIS OF THE FEDERAL RESERVE ACT AND COGNATE STATUTES

By WILLIS S. PAINE

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By W. R. MOREHOUSE

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By T. D. MacGREGOR

This book is filled with practical ideas for financial publicity as actually used by hundreds of banks and trust companies in the United States and Canada. Many bank advertisements are reproduced and commented upon. \$2.95, delivered.

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By CLAY HERRICK

Describes in detail the actual organization and operation of every department of a modern trust company. Contains a va-

riety of tables and charts which make it indispensable for every trust company officer. The author was for many years connected with the Cleveland Trust Company in important capacities and speaks with authority. 500 pages. Price, \$5.00.

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By T. D. MacGREGOR

Bank Department Series. This book describes the actual operation and organization of the "new business department" of a modern bank and shows how any bank can organize such a department and make it a profitable producer of new business and accounts for the bank. Price, \$1.95.

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Bankers Guide Book

By W. R. MOREHOUSE

Author of "Bank Deposit Building," "Bank Window Advertising,"
"Bank Letters," etc.

The Book that Answers 1190 Questions

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The book is just what its name implies,—a banker's guide book, containing 1190 questions and answers carefully classified and indexed, of which 999 pertain to practical banking problems which are apt to arise any day in your work. The other 191 questions and answers deal with bank business building methods and service.

John Edson Brady, Editor of Banking Law Journal, collaborated with Mr. Morehouse in the preparation of the book. Legal citations to leading court cases accompany the answers.

It is a book which you would not be without once you have examined it. In fact, we feel sure that you will do what every banker who has thus far seen a copy has done—order additional copies for the use of your other officers and employees.

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Picking the Right Man for Promotion

"A TRAINED man knows why he does a thing. The untrained man does the same thing, without knowing why. That, as I see it, is the fundamental difference."

Such is the reasoning of John E. O'Hern, general superintendent of Armour and Company, in an interview reported in *Trained Men* by Edwin Baird.

"The untrained man may do the thing just as well as the trained man," continues Mr. O'Hern, "but—and here's the really important part of the matter—when these two are considered for promotion the one who is trained will have a distinct advantage over the other."

"A man with experience," continued Mr. O'Hern, "is a big asset to Armour and Company, but with experience, plus a trained mind, he is a bigger asset. Too many fail because they have neglected to train their minds properly."

"It is highly essential that a man in line for advancement be able to enlist the sympathetic support of those over whom he is to have authority. When we consider making promotions, we attach great weight to this."

"What is the best way," he was asked, "to get the sort of training that will earn advancement?"

"The best way—from the viewpoint of Armour and Company—is to acquire that training while working in the plant. Ninety-nine per cent. of our advanced positions are given to those already employed by us."

"But, of course," he promptly added, "there is much to be said for the sparetime study idea. We have always encouraged it. A man who puts in his leisure moments learning all he can of his work, who stores his mind in preparation for the job higher up—that man has the right stuff in him. That's

the sort employers like to get—and promote."



Books as Granaries

BOOKS ARE the great civilizers of the race, the storehouses of knowledge, the granaries of intellectual food. Therefore to designate in all candor which books of those that are made are, indeed, public pabulum, and which are straw; carefully and conscientiously to examine and explain, one man for the million, the publications which are conducive or detrimental, in whole or in part, to learning and progress, is one of the most important and noblest works in which man can be engaged, while to prostitute the powers requisite for such a position is one of the basest.—*Hubert Howe Bancroft.*

Men and Books

"A FAMILY without a library, a mind without culture through the printed page, must limp through life handicapped for everything but the most menial occupations." — *Fleming H. Revell.*



"It is true that without enthusiasm nothing will be done; but it is also true without knowledge nothing will be done." — *Balfour.*



"Books are distilled brains; books are condensed experience; books are not merely pretty gifts, they are the necessary equipment of the big game we all have to sit in, willy-nilly." — *The Weekly Review.*

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Bank Credit Methods and Practice

By **THOMAS J. KAVANAUGH**

Vice-President, Mississippi Valley Trust Company, St. Louis

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of Credit—Federal Reserve System—
Statement Analysis—Analyzing a Financial
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BOOK TALKS

Special Section of The Bankers Magazine

DECEMBER 1921

The General Literature of Banking*

By NEIL CAROTHERS

THE LITERATURE of banking is extensive. The subject has been a favorite topic with writers of many generations past, and volumes in English have been appearing since the time of Adam Smith, and even before. But the great majority of works on banking have been primarily historical. They have been chiefly concerned with the growth of individual banks the development of banking policy, and more especially the relation of banks and banking to governmental finance. The earlier American works on banking were all of this type. They deal with politics and government finance rather than the science of banking, and the treatment is always historical and frequently controversial. The comprehensive volumes of Sumner, Knox, Bolles, Kinley and Noyes are authoritative narratives of the growth of banking policy and banking law in the United States. To the serious student of finance these works are indispensable, and some of them are of extraordinary interest and value. But they offer very little to the inquiring student or business man who would learn exactly how a bank conducts its affairs.

Literature to meet this need is of very recent development. Only in the last thirty years has there been any serious attempt to analyze bank operations in detail and to explain the actual processes by which the business of a bank is carried on. During this period there have appeared a number of excellent treatises, definitely outlining the principles upon which banking rests and explaining the

fundamental processes which make up the business of banking. In other words, there has developed within the past generation a literature of the science of banking. Many books of this type are in use by students and business men today. They are much alike in their general treatment of the subject. Many of them combine an analysis of the complex subject of money and currency with that of banking. Some are concerned with banking only. All of them outline the purposes for which banks are created, the economic position they occupy in modern industry and finance, the historical development

throughout which American banks have evolved, and the fundamental transactions which make up a bank's business life. The older volumes give much space to the National Banking system; the more recent works emphasize the Federal Reserve system.

Among the many volumes of this character, two of the older ones have been the introduction to the science of banking for thousands of students. These two are Dunbar's *Theory and History of Banking* and White's *Money and Banking*. Elementary in treatment, compact and vigorous in style, these two little books have run through many editions and frequent revisions and still are excellent means for acquiring a knowledge of the primary principles and practices of banking. More elaborate and systematic treatises have appeared in recent years, of which the best known are probably Conant's *Principles of Money and Banking*, Holdsworth's *Money and Banking* and Willis' *American Banking*. Two large volumes of selections taken from the writings of many banking authorities are valuable. These are Phillips' *Readings in Money and Banking* and Moulton's *Principles of Money and Banking*. Nearly all the standard texts on the principles of economics devote one or more chapters to the science of banking, and many of them contain brief but valuable outlines of the subject. The standard economics texts of Taussig, Seligman, Fetter, Seager and others present excellent introductions to the subject of banking.

But these various works will not satisfy the persistent student who wants to know how a bank is organized and administered, what its personnel does,

(Continued on page 3)

What to Read this Month—

Practical Work of a
Bank

By William H. Kniffin, Jr.

If Winter Comes

By A. S. M. Hutchinson

The Iron Man and
Wages

December issue of the
Atlantic Monthly

Banks as Financial
Educators

By T. D. MacGregor in the
December Bankers Magazine

BOOK TALKS recommends the above as a balanced and nourishing reading diet for the current month.

* Reprinted from *Guaranty News*.

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